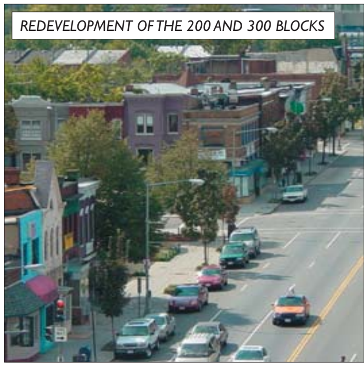
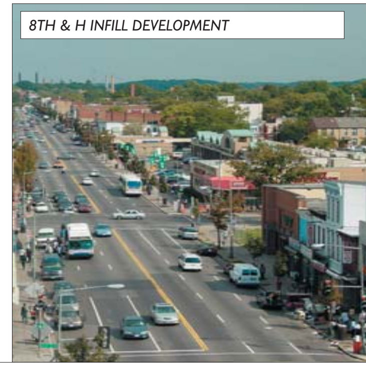
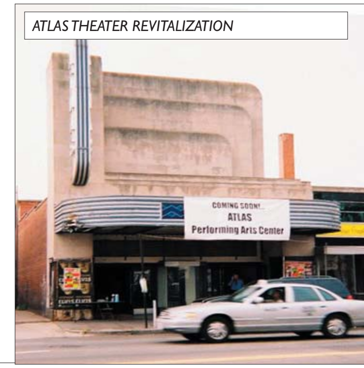

REDEVELOPMENT OF THE 200 AND 300 BLOCKS


RETAIL DEVELOPMENT


8TH & H INFILL DEVELOPMENT



ATLAS THEATER REVITALIZATION


AIR RIGHTS & STATION PLACE DEVELOPMENTS

9 IMPLEMENTATION

This section of the report offers recommendations for the Plan's implementation. The first section provides an overview of recommendations, most of which focus on corridor-wide programs and initiatives. The second section provides a matrix indicating priority projects and initiatives along with recommended roles for stakeholders.

9.1 Land Use, Zoning & Development

First Projects

The District should focus resources on ensuring that the following projects set the stage for the Plan's success.

Redevelopment of the 200 and 300 blocks. NCRC should provide assistance with property acquisition and development of mixed use, primarily residential, projects at these important gateway sites.

Retail Development. District actions to encourage the growth and success of existing businesses—through technical or financial assistance, code enforcement, and clean-and-safe program development (recommended below)—should be focused on the Central Retail District.

8th & H Infill Development. The District should continue its efforts to encourage the development of a quality, 2 to 3 story building at this important site. Helping find tenants for upper story space should be among the assistance provided.

Atlas Performing Arts Center Revitalization. As the primary anchor for the proposed Arts & Entertainment District, the Atlas Performing Arts Center will play a central role in the corridor's revitalization. The District and community stakeholders should make every effort to promote the project and ensure its viability. Increasing parking resources, stepping-up code enforcement and clean and safe activities in the Theater's vicinity are a few of the many ways the project can be supported.

Air Rights & Station Place Developments. The District and community stakeholders should continue to work with the developers of these significant projects to ensure they contribute to the creation of a quality pedestrian environment along the Hopscotch Bridge and provide convenient and clearly-marked connections to the Union Station.

Support Planning for Future of the Capitol Children's Museum Site

The District should become a more active participant in determining the future of the Capitol Children's Museum site. With or without the Children's Museum, the site represents one of the most important development opportunities for the corridor. The absence of a long-term improvement strategy for the site may eventually hinder efforts to encourage investment in the Western Gateway District. Working with the Capitol Children's Museum, prepare a marketing program that will attract a developer for the property who will adaptively reuse the structure using historic rehabilitation tax credits and develop the balance of the site consistent with the Plan. The program may be expanded to a design competition in the event that the museum is expanded to a National Children's Museum.

Target Code Enforcement and Clean and Safe Measures

As part of the larger effort to improve the corridor's image and attractiveness, code enforcement activities should be increased, with particular focus on the condition of vacant property and buildings and the condition of side yards and alleys. The District should ensure that regular street cleaning occurs and property owners must take responsibility for the sidewalks in front of their businesses. In addition, the Office of Planning should consult with the Police Department on the frequency of patrol cars and foot patrols.

Marketing of Incentives & Assistance

The District should take steps to alert property owners of existing and proposed incentive and assistance programs. This effort should include periodic updates and briefings regarding District and federal programs. A document describing various economic development incentives in the District is available at http: //dcbiz.dc.gov/info/2003_edi.shtm. A copy is provided in Appendix D of this report.

Remove Barriers to Reinvestment

Identify potential economic and regulatory barriers to the preservation and adaptive reuse of the corridor's older commercial buildings.

Establish a New Zoning Overlay District

The current zoning on the corridor does not provide regulations that allow the desired development patterns. The majority of the corridor is currently zoned C-2-C. This limits commercial development to 1.5 FAR and residential developments to a maximum 2.5 FAR with a 50-foot height limit. In addition, there are limits to coverage for residential development making it difficult to maximize development on the small lots, which are typical to the corridor. These limitations do not allow the construction of new buildings (particularly mixed use buildings) in keeping with the proposed plan.

In developing recommendations for zoning changes, the planning process first considered rezoning the corridor to other existing zones-the code was reviewed to look for an existing category(s) that would provide the mix of uses, heights, setbacks and densities that are desired by the plan. However, there is (are) no existing category(s) that can be applied to the corridor to fully meet the design intent. For instance, the plan envisions three to four story buildings in the center section of the corridor with either commercial or residential uses on the upper floors. While the area could be rezoned to C-2-B to achieve an increase in building height, there is not a corresponding increase in allowable commercial density, which would permit the desired second story uses. Similar evaluations were made for other zones and none were found to meet all of the requirements of the plan in terms of use, setbacks, minimum and maximum building heights, etc. There is (are) no existing category(s) that would allow the construction to fully address these issues therefore, changing the underlying zoning would not be sufficient.

The plan therefore recommends that an overlay district be developed for the entire corridor that references back to and incorporates the form-based controls of the design guidelines. The design guidelines include descriptive urban form standards for the revitalized corridor. This includes the recommendations to define the building envelope such as minimum and maximum building height, building coverage requirements that are not related to use but to appropriate setbacks that allow sufficient light, air and form. The purpose of the building envelope is to ensure that the urban design aesthetic is met and that it can perform well. An overlay district can be an efficient mechanism to ensure the implementation of the guidelines and is a process that is familiar in the District.

Expand Survey Efforts & Historic District Designation

Expand the scope of the Near Northeast Civic Association cultural and historical study with the goal of gathering the information necessary to evaluate the eligibility of an H Street Corridor historic district. Based on the finding of the expanded study, pursue the designation of an H Street Commercial Corridor National Register Historic District.

Encourage Preservation through the Promotion of Existing Tax Credit Programs

Focus attention on the adaptive reuse of historic buildings within the corridor by encouraging the use of the 20% federal tax credit (once a historic district is established) and the 10% federal tax credit for buildings that were erected before 1936.

Interpret History & Culture

Initiate an educational program that aims to raise awareness of H Street's heritage, historic buildings, and historic preservation potential. Integrate the corridor's history and unique historic character into a marketing plan for the corridor.

Heritage Tourism

Explore opportunities to promote H Street as a heritage tourism destination with the DC Heritage Tourism Coalition.

9.2 Retail Environment

Business Development

As part of the Main Street effort and with support from reStore DC, begin an interactive, educational process with H Street merchants to enhance their understanding of "Retail Best Practices" and develop their collective vision for H Street from a retail standpoint. Although many topics related to this subject will be addressed in conjunction with the Main Street DC program, special issues, such as general retail accounting, inventory control, budgeting (profit estimating), financing and lending opportunities and individual marketing should be covered in workshops or through one-on-one technical assistance.

Façade & Sign Improvement

Provide additional funding, design assistance, and general technical assistance, perhaps coordinated through a part-time tenant coordinator, for businesses to assist them in undertaking façade and signage improvements. Assistance should be conditioned on compliance with existing and proposed design guidelines. Create signage guidelines for H Street retailers similar to the DC Storefront Guidelines which encourage flexibility and creativity.

Corridor Branding

Corridor stakeholders should work with the DC Marketing Center to help craft new image materials for H Street. A new 'neighborhood sheet' for H Street should highlight the community's new direction as a center of neighborhood life for North Capitol Hill residents. Other materials may include a business directory and/or an events calendar.

Corridor Marketing

Request the DC Marketing Center's assistance in directing new and expanding retailers, as well as retail brokers toward H Street. Merchant success stories should be promoted. Key personnel at the Marketing Center should become involved in refining the image of H Street's Retail Core as a daily destination for neighborhood goods and services and the eastern end of the corridor for arts, entertainment and dining district.

Business Improvement District Establishment

Explore the feasibility of incorporating H Street into Capitol Hill Business Improvement District (BID). Corridor stakeholders should begin analyzing the feasibility of incorporating H Street (the commercial frontage from the Hopscotch Bridge to the Benning/Bladensburg intersection) in the Capitol Hill BID as a subBID. Incorporation as a subBID would allow it to retains its own identity, establish a different assessment rate, and set independent priorities for programs. The H Street subBID's contribution should entitle merchants, residents and workers to many of the Capitol Hill BID's offerings, including enhanced security and maintenance, streetscape improvements, and homeless services. The H Street subBID should negotiate a stipend to conduct its own marketing, but avoid a situation where its brand is absorbed by Capitol Hill.

9.3 Traffic, Transit & Parking

Conduct Detailed Analysis of Traffic and Transit Strategies

Future analyses should focus on H Street's development as a transit way with pedestrian movement, vehicular through traffic, and on-street parking.

New Public Parking

Incorporate public parking as a use within a redeveloped Murry's site, H Street Connection site, Auto Zone site and 1300 block interior south side.

Pedestrian Crossings

Pedestrian crossings should be well marked along the entire corridor, especially the pedestrian crossings and vehicular flow improvements at the intersection of H Street, Bladensburg, Maryland, Benning Road and 15th Street (Five Points).

Full-Time Curb Parking

On-street parking at designated locations should be permitted at all times along the corridor. The current peak-hour restriction negatively impact parking availability reducing retail opportunities and lending to the negative perception of the corridor. Curbside parking improves the pedestrian environment and helps changes the image of H Street from a mere freeway to that of a neighborhood that is open for business.

Public Parking - Interim Improvements

In the short-term, surface parking should be developed on the vacant land behind the library and in the middle of the block behind the Atlas Performing Arts Center. In addition, shared parking agreements should be sought which would permit use of the Auto Zone and H Street Connection lots for evening and off-hour use.

Municipal Parking - Long Term Improvements

The plan has identified four locations with the potential for future parking structures: the Murry's site, H Street Connection, the Auto Zone site and the 1300 block interior south side. Each of these sites could accommodate, as part of larger redevelopment projects, structured parking a portion of which would be dedicated for public use. Consideration should be given to the construction or financing of parking structures through the parking authority held by NCRC. Regional examples of such initiatives include the new parking garage in Adams Morgan, or the parking districts used in Bethesda and Silver Spring, Maryland.

9.4 Public Realm

Improved Conditions on the Hopscotch Bridge

The proposed redevelopment of the Union Station Air-rights presents a significant opportunity to improve the western gateway into the corridor. The proposed development suggests direct pedestrian access and an improved streetscape. This includes, but is not limited to, the provision of convenient, safe and clearly-marked connections to Union Station; the provision of streetscape amenities such as sufficient lighting, signage, hardscaping and other street furniture; and the disposition of the proposed developments so that they engage the street at pedestrian level. With entries directly on the bridge, active storefronts, pedestrian amenities, and improved access to Union Station, the Hopscotch Bridge can become an attractive extension of the corridor and a critical link to new uses.

Eastern Gateway Civic Space

The plan suggests modifications to the intersection of H Street, Maryland Avenue and Florida Avenue to improve the pedestrian experience, infill the street frontage, and create a small public space at the street terminus. The proposed changes to the intersection may occur over the longer term; a detailed design and traffic study should be completed to determine an appropriate design solution.

Corridor-Wide Streetscape Improvements

Streetscape conditions should be improved along the entire corridor. The plan recommends that a detailed design study be undertaken as the next step to implementation. The streetscape will provide the continuity of design elements that will tie the subsections of the corridor together. Elements of the streetscaping - paving, plant material and location, street furnishings, lighting - should be consistent along the entire corridor as a unifying element so that the corridor reads as a recognizable place.

The existing 90-foot right-of-way within the corridor can provide adequate travel lanes, transit lanes, sidewalks and rush hour street parking.

Landscape improvements may be implemented with grants from Garden Resources of Washington (GROW). These may include tree box improvements and planting wildflowers on vacant lots.

Enhancements such as demonstration facade improvements, "clean-up days", community art/murals, (vis-a-vis graffiti reduction strategies) and landmark lighting are all potential means for getting residents and businesses involved in more visible improvements to the corridor and fostering community spirit.

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APPENDIX A - MARKET ANALYSIS

Introduction

Economics Research Associates (ERA) was retained by the District Office of Planning under sub-contract to HOK to provide economic consulting services as an input to the development of a planning strategy for the H Street corridor Study Area. This memorandum sets out the methodology and findings of an analysis of base economic conditions in, and forecasts for, the Washington metropolitan area. We have examined the demographic and economic characteristics, real estate market trends and conditions and have then developed 10-year land use planning targets for the corridor.
The planning targets represent ERA's preliminary estimates of supportable development in the corridor over the next ten years or so. It should be stressed that forecasts based in large part on current market conditions and recent trends therein are of more limited value when looking more than five years into the future.

Methodology

ERA's approach was comprised of the following main components:

- An examination of key regional economic indicators such as employment and population trends and projections.
- An analysis of demographic and economic conditions in the corridor.
- An assessment of real estate market conditions for office and residential uses in the District and relevant sub-markets.
- The preparation of estimates of supportable office and residential development in the corridor.
- A retail market assessment for the corridor including potential future induced demand for retail space generated by new residents and workers.
- An assessment of the implications of new cultural and entertainment facilities on the potential for eating and drinking establishments.
- A discussion of the implications of new big box uses and mall development at either end of the planning area for other retail uses in the corridor.

Economic Overview

Following is an overview of the economic and demographic trends in the Washington metropolitan area to gauge the strength of the economic base and overall potential for commercial and residential markets.

The Metropolitan Washington Economy

The Washington economy appears to be at the end of a recession at the present time, reflective of national economic conditions. Indications of the current recession became evident during the first half of 2001 increasing in severity following the events of September 11. While the recession has and will continue to effect real estate market conditions in the short term, we believe that market fundamentals for continued medium and long-term growth in the region are sound. Indeed, signs of a recovery already exist including a recent decline in the District unemployment rate.

The Washington metropolitan area has experienced positive growth of 15.1 percent in its employment base over the last five years with around 63 percent of such growth concentrated in the service sector, which generates significant demand for office space. Currently the service sector comprises approximately 41 percent of all employment in the region.

The technology sector has experienced significant contraction during the past 18 months or so. The failure of many tech businesses to meet earnings expectations prompted a swift market "correction" on Wall Street resulting in numerous Chapter 11 bankruptcy proceedings and the loss of thousands of jobs. It is the general consensus among market analysts that the technology sector "shake-out" has stabilized and we forecast that growth in the technology sector will return by mid-2003 and continue to fuel demand for new office space in the region to the forecast horizon.

The Washington DC Primary Metropolitan Statistical Area's current unemployment rate of 3.6 percent continues to be among the lowest of any major metropolitan area in the United States. According to forecasts prepared by the Metropolitan Washington Council of Governments (COG),

WASHINGTON, DC METRO AREA POPULATION PROJECTIONS (In 000s)				
Jurisdiction	2002	2007	2012	CAGR 2002 - 2012
District of Columbia	520.3	536.0	568.0	0.9%
Arlington County	194.5	199.5	203.7	0.5%
City of Alexandria	128.8	132.9	136.7	0.6%
Central Jurisdictions	**843.5**	**868.4**	**908.4**	**0.7%**
Montgomery County	877.0	924.0	957.0	0.9%
Prince George's County	800.6	835.7	865.9	0.8%
Fairfax County	999.1	1,072.4	1,130.0	1.2%
City of Fairfax	21.9	22.3	22.7	0.4%
City of Falls Church	10.5	10.6	10.7	0.2%
Inner Suburbs	**2,709.0**	**2,865.0**	**2,986.3**	**1.0%**
Loudon County	198.6	264.6	331.0	5.2%
Prince William County	300.4	333.3	358.0	1.8%
Manassas & Manassas Park	43.8	45.0	45.5	0.4%
Calvert County	77.3	83.3	88.8	1.4%
Charles County	128.6	142.1	156.7	2.0%
Frederick County	203.6	225.3	247.0	2.0%
Stafford County	82.1	90.8	99.5	1.9%
Outer Suburbs	**1,034.4**	**1,184.3**	**1,326.4**	**2.5%**
Northern Virginia	1,979.6	2,171.5	2,337.8	1.7%
Suburban Maryland	2,087.0	2,210.2	2,315.3	1.0%
Regional Total	**4,586.9**	**4,917.7**	**5,221.1**	**1.3%**

Source: Metropolitan Washington Council of Governments; US Census Bureau; Economics Research Associates, October 2002.

EMPLOYMENT FORECASTS FOR THE WASHINGTON METROPOLITAN REGION 2002-2012 (In 000s)				
Jurisdiction	2002	2007	2012	CAGR 2002 - 2012
District of Columbia	**701.4**	**739.9**	**792.6**	**1.2%**
Manufacturing	11.0	9.6	7.8	-3.3%
Mining / Construction	12.7	15.9	20.1	4.7%
TCPU	19.0	20.2	21.0	1.0%
Wholesale/Retail Trade	54.7	57.7	59.5	0.8%
FIRE	35.3	38.3	41.1	1.5%
Services	335.6	378.1	423.1	2.3%
Government	233.1	220.0	220.0	-0.6%
Northern Virginia	**1,147.9**	**1,268.0**	**1,395.7**	**2.0%**
Manufacturing	34.8	29.8	23.6	-3.8%
Mining / Construction	78.5	100.8	130.9	5.2%
TCPU	84.6	108.0	139.4	5.1%
Wholesale/Retail Trade	217.5	222.9	219.5	0.1%
FIRE	61.6	65.4	67.4	0.9%
Services	484.2	561.4	640.6	2.8%
Government	177.3	179.7	174.9	-0.1%
Suburban Maryland	**1,100.5**	**1,169.5**	**1,250.7**	**1.3%**
Regional Total	**2,952.3**	**3,177.4**	**3,436.9**	**1.5%**

Source: Metropolitan Washington Council of Governments; Bureau of Labor Statistics; Economics Research Associates, October 2002.

regional employment is expected to total 3.4 million jobs by 2012, a 16 percent increase over the 2002 employment base of 2.9 million jobs.

Population Forecasts

- The region's population is expected to grow steadily through the forecast period of 2002-2012, averaging approximately 63,000 persons every year. Population growth will be spurred by the long-term strength of the region's economy; high rates of in-migration and international migration; and less rapid declines in average household size than were previously anticipated.
- The largest quantity of population growth between 2002 and 2012 is projected for the outer suburbs, which are comprised of Loudoun, Prince William, Calvert, Charles, Frederick, and Stafford Counties. They are projected to add 292,000 persons by 2012. The Beltway-oriented jurisdictions of Fairfax, Montgomery and Prince George's Counties are expected to grow by a total of 277,000 persons.
- Loudoun County will experience the greatest growth, increasing by around 66 percent over the forecast period.
- Comparatively, the District of Columbia, which had been losing population steadily since well before 1990 through 2000, is now experiencing a slight resurgence with a projected annual growth rate of around one percent per year through 2012 (MWCOG). This growth rate may increase as the city continues its financial recovery and with continued strong investment, economic activity and development.

Employment Forecasts

- According to projections prepared by COG, regional employment growth is expected to keep pace with population growth. Between 2002 and 2012 the workforce is forecast to grow by 16.4 percent.
- Job growth in Northern Virginia (2.0 percent per year) is projected to outpace growth in both suburban Maryland (1.3 percent per year) and the District (1.2 percent per year) from 2002 to 2012.
- Collectively, the region's inner suburbs, including Falls Church, Montgomery County, Prince George's County and Fairfax County, will add the largest number of new jobs, 425,000, from 2002 to 2022.
- The outer suburbs, comprising the counties of Loudoun, Prince William, Calvert, Charles, Frederick and Stafford are projected to add 251,000 jobs.
- Despite tremendous suburban growth, the District of Columbia is forecast to continue to have the largest number of jobs of any single jurisdiction, accounting for 23 percent of the region's employment in 2012.
- Employment projections indicate that the District will add about 91,000 jobs from 2002 to 2012. By 2012, it is expected that 53 percent of all District jobs will be in the service sector. Such industries are strong demand generators for office space.
- Forecast District employment growth should generate demand for approximately 11.6 million square feet of office space over the next ten years.

Summary – Economic Overview

- The Washington metropolitan area economy has experienced significant growth during the past decade, a trend that is forecast to continue during the coming 20 years or so.
- Growth in the technology sector has been the primary force driving demand for new office space in the region. This sector has experienced downsizing due to a market correction in relation to over-valued telecommunications and e-businesses. Nevertheless, we anticipate that, in the long-term, the sector will continue to play a centrally important role in regional economic growth.
- Forecast employment growth in all sectors will fuel demand for around 11.6 million square feet of additional office space in the District to the year 2012.

Market Analysis

ERA has conducted an analysis of market conditions for office and multiple unit residential uses in the District and sub-markets relevant to the study area. Based on the findings of this analysis and the potential for employment and population growth in the District, we have developed estimates of supportable development for these uses over the next ten years. The retail market assessment that follows utilizes a trade area resident expenditure approach. Estimates are developed for supportable retail space in the corridor both now and in the future. We have explored the potential for increases in demand over the next ten years as a result of changes in the household income base together with additional expenditures derived from new residents and workers.

The resultant planning targets represent the envelope of supportable development for use by the team in the preparation of planning concepts for the study area. These targets should not be viewed as a prescription for land use but rather a guide for the upper limits of market potential and a check on

Office Space Demand Forecast 2002-2012 (Thousands)	2002 to 2012
Net New Employees in the District of Columbia	
Services	87.50
Government	-13.09
FIRE	5.73
TCU	2.00
Total	**82.14**
Office Space Demand (Sq Ft)	
Services	12,031.33
Government	-2,454.19
FIRE	1,073.91
TCU	224.88
Total, District of Columbia (Sq Ft)	**10,875.93**
Allowance for Stabilized Vacancy	**7%**
Net Total	**11,637.24**

Source: Metropolitan Washington Council of Governments; and Economics Research Associates.
Note: Assumes the following office space utilization ratios: Services - 55%; Government - 75%; FIRE - 75%; TCU - 75%.

WASHINGTON DC OFFICE MARKET INVENTORY BY SUBMARKET, 1995 - 2nd QUARTER 2002 (000's)

	1995	Share of DC	2nd Qtr 2002	Share of DC
Total Washington DC	94,728	100.0%	101,082	100.0%
Central Business Districtt	34,590	36.5%	34,887	34.5%
East End	29,875	31.5%	33,098	32.7%
Georgetown	2,814	3.0%	2,694	2.7%
Southwest/Southeast	9,530	10.1%	10,848	10.7%
Union Station	6,408	6.8%	7,988	7.9%
Uptown	7,185	7.6%	7,237	7.2%
West End	4,327	4.6%	4,330	4.3%

Note: Figures do not include an approximate 11.9 million square feet of GSA owned property.
Source: Grubb and Ellis Research Division; Economics Research Associates, November 2002.

the team's planning solutions for the corridor.

Office Market Analysis

The following represents an overview assessment of real estate market conditions for office uses in the District and relevant sub-markets and our assessment of the implications for future potential office development in the H Street corridor. The analysis by class of space utilizes the Building Owners and Managers Association (BOMA) classification definitions which are as follows:

Class A: Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

Class B: Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the building does not compete with Class A at the same price.

Class C: Buildings competing for tenants requiring functional space at rents below the average for the area.

Overview of Market Conditions. While aggregate vacancy rates have risen slightly since a seven-year low in 2000, the District office market remains healthy. As of the second quarter of 2002, overall downtown vacancy is estimated to be 7.7 percent, with Class A buildings at a around 8.5 percent vacancy rate and Class B at 6.3 percent. Net absorption for Class A and Class B in 2001 is estimated to be 1.7 million square feet. Although landlords are benefiting from rental rates that approach $50 per square foot in some cases, potential tenants are facing stiff competition as they vie for the same space. The limited market is further constrained by the fact that only about 10 percent of the vacancies are for spaces over 50,000 square feet in size. The shortage of space leads some brokers to believe that tenants will continue to look for space at CBD fringe areas such as the Mount Vernon Triangle/NoMa area.

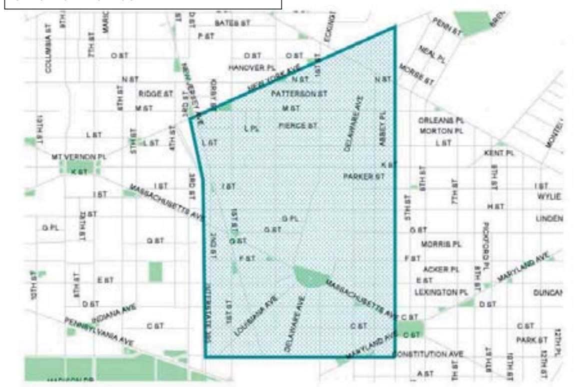
Total Inventory. The downtown Washington, D.C. office market has strongly rebounded from the early nineties, with a total of nearly 10.4 million square feet of Class A and B office space added from 1995 to the second quarter of 2002. The table below includes all floor space existing or under construction/renovation that is being marketed for immediate or future occupancy.

It reveals that the total inventory has increased in size by around 6.6 million square feet, representing a 6.9 percent increase since 1995.

The relevant sub-markets are the Union Station and East End sub-markets, with Union Station the most relevant to the H Street corridor. While the boundaries of these sub-markets are not definitive, the East End sub-market approximates to the area bounded by 2nd Street, NW on the east, N Street, NW on the north, 15th Street on the west and Constitution Avenue on the south. The Union Station sub-market bound-

EAST END SUB-MARKET

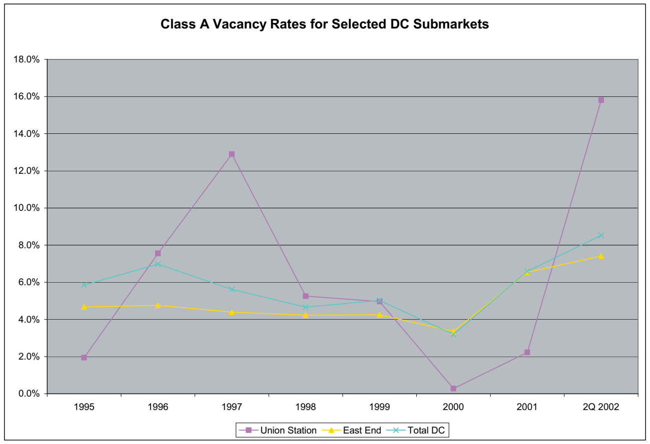
UNION STATION SUB-MARKET



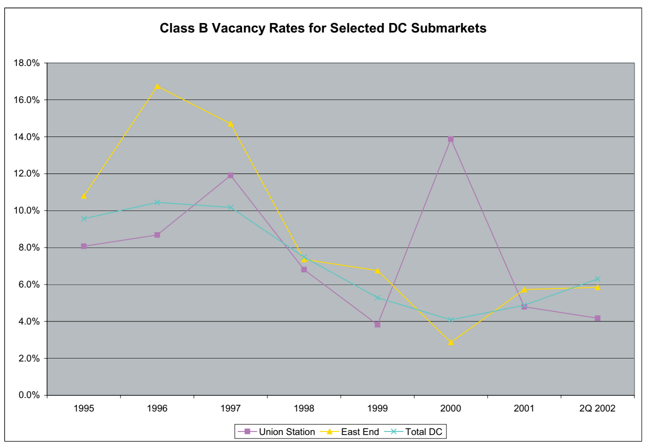
DISTRIBUTION OF OFFICE MARKET SUPPLY BY SUBMARKET, SECOND QUARTER, 2002
Washington, DC

	Total Supply		Vacant Space	
Submarket	**SF**	**% of Total**	**SF**	**% Vacant**
CBD	34,886,518	35%	3,046,740	8.7%
East End	33,098,252	33%	2,262,759	6.8%
Georgetown	2,694,262	3%	213,994	7.9%
Southwest/Southeast	10,848,071	11%	1,072,866	9.9%
Union Station	7,988,319	8%	604,823	7.6%
Uptown	7,236,980	7%	393,202	5.4%
West End	4,329,796	4%	180,435	4.2%
Total District of Columbia	101,082,198	100%	7,774,819	7.7%

Source: Grubb and Ellis Research Services; Economics Research Associates, October 2002.



Source: Grubb and Ellis; CB Richard Ellis; Spaulding and Slye; Economics Research Associates



Source: Grubb and Ellis; CB Richard Ellis; Spaulding and Slye; Economics Research Associates

aries are 2nd Street on the west, NW, New York Avenue on the north, 3rd Street, NE on the east and Constitution on the South. The Union Station sub-market is sometimes referred to as the Capitol Hill sub-market.

Of the two, the East End sub-market is by far the larger with around 33.1 million square feet compared to 8.0 million in the Union Station sub-market. Both have substantially increased their inventories during the past six years or so, collectively accounting for 71 percent of all new additions in the District during the period. Both the East End and Union Station sub-markets have increased their share of total District inventory during this period.

Vacancy Rates. The charts below present vacancy rate trends for total office space in the District and relevant sub-markets by class of space. The aggregate vacancy rate across the District as a whole is currently around 7.7 percent. This is well below typical stabilized vacancy rates of around 10 percent for office space and suggests significant pent-up demand for space.

As of the first quarter of 2002 the East End sub-market had a somewhat lower vacancy rate of approximately 6.8 percent and the Union Station sub-market at around 7.6 percent. An examination of vacancy rates by class of space reveals that at the District level the rate is currently 8.5 percent for Class A space and 6.3 percent for Class B space. Based on typical stabilized vacancy rates of around 10 percent, we believe that at present throughout Washington, there is an under-supply of approximately 600,000 – 800,000 square feet of Class A space and 1.7 – 1.9 million square feet of Class B space. This represents the gap between the 7.8 million square feet of existing vacant space and that which we would typically expect to find in a market with vacancy at typical stabilized rates.

An examination of Class A vacancy rates by relevant sub-market reveals that the East End rate is well below stabilized rates at around 7.4 percent. The Union Station Class A vacancy rate has increased sharply during the first half of 2002 largely as a result of high vacancy rates in recently constructed space such as 101 Constitution Avenue with a vacancy rate of close to 40 percent.

An analysis of Class B vacancy rates suggests that there is significant pent-up demand for such space in both sub-markets.

Both sub-markets have Class B vacancy rates below five percent with that in Union Station at around four percent.

Under/Oversupply. Under-supply is defined as the quantity of space represented by a vacancy rate of a typical stabilized rate of 10 percent less the space represented by an actual lower rate. Oversupply is defined is that quantity of space represented by an actual rate exceeding 10 percent less 10 percent of the inventory. Based on existing vacancy rates, we estimate that there is currently a net *under-supply* of approximately 480,000 to 510,000 square feet of Class A space in the East End sub-market. There is currently an *oversupply* of approximately 140,000 – 150,000 square feet of class A space in Union Station.

The *undersupply* of Class B space is more marked with existing pent-up demand for approximately 775,000 – 800,000 square feet in both sub-markets combined. The Union Station sub-market accounts for approximately 280,000 – 300,000 square feet of this undersupply.

Absorption Trends. Trends in net absorption, that is the changes in occupied building space from one period to the next, are useful in determining the strength of the market and the rate at which space that is placed on the market can be leased. The chart below provides a graphical representation of total absorption trends in the Washington market area since the second quarter of 1998. It shows that downtown office absorption has been generally strong during the past two years, with total absorption positive in all but the third quarter of 1999.

Between 1997 and the second quarter of 2002 there was a total positive net absorption of approximately 9.2 million square feet of Class A space and 1.5 million square feet of Class B space.

Recent absorption in the two relevant sub-markets has also been strong as illustrated in the charts below. Absorption activity in the East End sub-market has been driven by Class A space largely in the form of new deliveries. Approximately 1.5 million square feet of such space absorbed during the last two years. This compares to negative absorption of around 50,000 square feet of Class B space and 20,000 square feet of Class C absorption. However, this analysis must be placed in the context of the exceedingly low vacancy rate for Class B space at the end of 2000 at around 1.4 percent.

The Union Station sub-market has also witnessed strong absorption activity with around 260,000 square feet of Class A space and 340,000 square feet of class B space during the past two years or so.

The East End and Union Station sub-markets have been driving absorption activity in central Washington generally, with Union Station substantially increasing its share

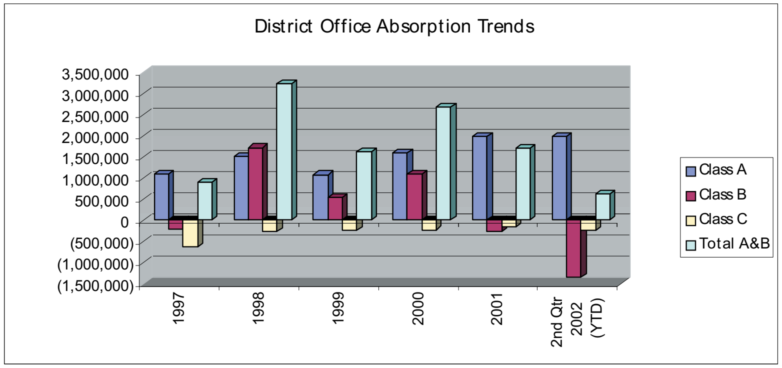
Since 1997, the East End sub-market has captured approximately 49 percent of the total Washington market activity. This has been comprised of 46 percent of the Class A market and 62 percent of the Class B market. The Union Station sub-market has captured approximately 25 percent of the Washington market comprised of 14 percent of the Class A space and around nine percent of the Class B Space.

Construction Activity. Based on Second Quarter 2002 data compiled by Grubb and Ellis, there is approximately 4.6 million square feet of floor space under construction or renovation throughout central Washington in 16 buildings, all due to be delivered by the first quarter 2004. Most of this space will be Class A space with Class B space limited to renovation of Class C space. Approximately 55 percent of this space is pre-leased and included in the inventory discussed above. The remaining 45 percent or 2.1 million square feet is currently available and included in the vacancy statistics.

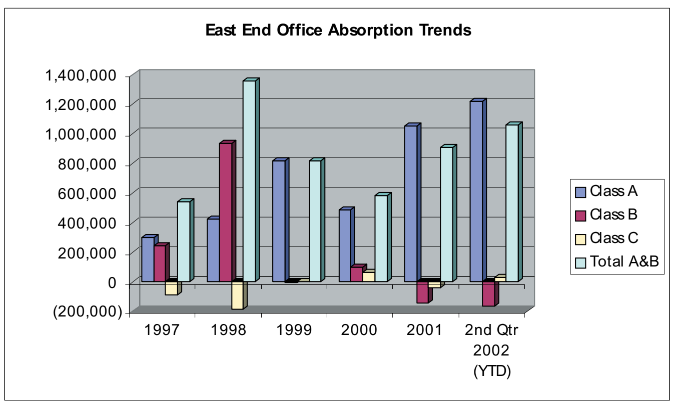
In the East End sub-market there is approximately 1.8 million square feet under construction or renovation in seven different buildings with around 80 percent of the space available. In the Union Station sub-market there is approximately 880,000 square feet in two buildings – Station Place and Union Center Plaza, both of which are pre-leased by tenants which include the SEC.

Implications for H Street Corridor Market Potential

The H Street Corridor has not been the target of significant developer interest for office development during recent years and can be considered a "frontier" market for this use. By this we mean that to date, there has been little or no market support for this use at this location. However, as suitable development sites become more scarce in adjacent sub-markets, we believe the area is capable of capturing a modest share of their market potential. Of course, a major factor in determining the capture rate will be the availability and competitiveness of alternative locations outside the study area such as the Mount Vernon Triangle/NoMa area which has been the recipient of significant recent developer interest, largely as a result of the market implications of the new convention center at Mount Vernon Square and associated development activity. This area has the potential to absorb upwards of 1.5 million square feet of space over the next 10 years. As such, we do not believe that the H Street Corridor will be a strongly competitive Class A office location to the year-10 forecast horizon.



Source: Grubb and Ellis; CB Richard Ellis; Spaulding and Slye; Economics Research



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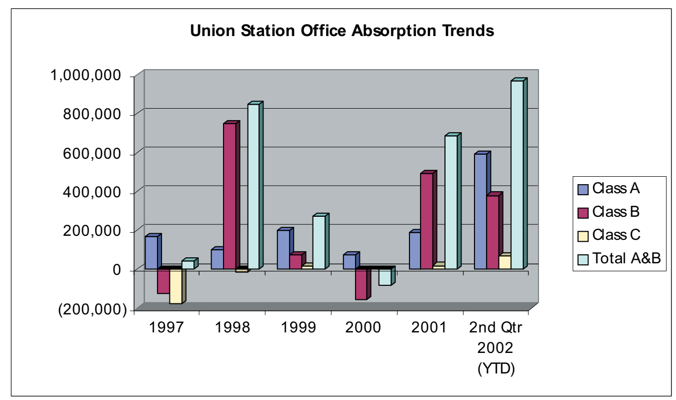

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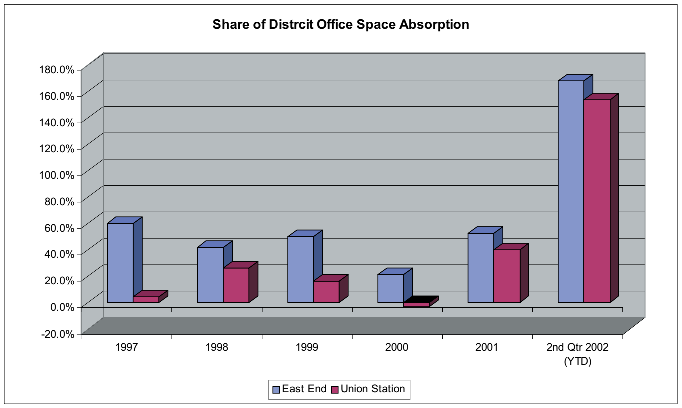


Source: Grubb and Ellis; CB Richard Ellis; Spaulding and Slye; Economics

However, assuming substantial public investment in the corridor, we believe that this area will be capable of capturing a modest quantity of Class B office space from adjacent sub-markets, largely in the form of space to accommodate small professional service uses and selected associations and non-profits not requiring or, with revenues incapable of supporting, a downtown location. New office workers in the corridor will represent an additional source of daytime and evening market support for retail uses and as such, the expenditures of new office workers have been utilized in the development of the retail potentials presented later in this report. Our forecasts for office market potential are presented at the end of this section.

Apartment Residential Market Analysis

As with the office market analysis above, the H Street corridor does not lie within an actively developing multiple unit housing market area. In order to determine the absorption potential for this use, we have conducted an analysis of the market fundamentals in both the District and the nearest actively developing area namely, the Downtown/Logan sub-market. This area lies immediately to the west of the H Street corridor planning area and extends from approximately North Capitol Street to Connecticut Avenue, NW and Constitution Avenue to Q Street. We have examined data for the Capitol Hill/Southwest sub-market and have determined that this area has not witnessed significant new apartment development activity during recent years.

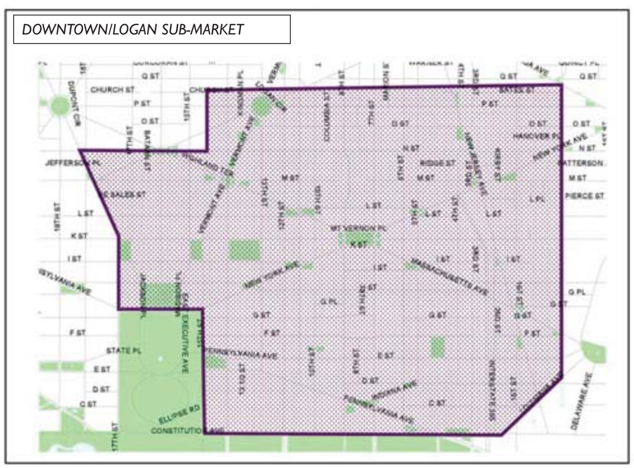
We have focused on the potential rental apartment units for several reasons which can be summarized as follows:

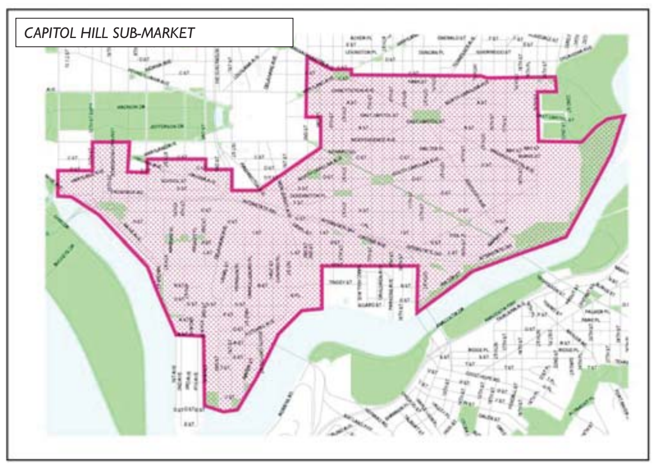
1. The recent increased activity in condominium development is closely linked to interest rates. Extremely low rates have largely been responsible for accelerating owner occupied multiple unit (condominium) development activity in Washington and other major markets during recent years. Such rates narrow the gap between the costs of owning and renting. Many householders that might otherwise have rented a unit are able to afford a condo due to low interest rates. Because rates are at historical lows, it is unlikely that rates will remain at the present levels for long and the condominium market may cool down considerably District-wide.
2. The development economics of multiple unit residential development are such that rental units are less risky for developers than condominiums, particularly in emerging areas such as the H Street corridor. The operating characteristics of apartment buildings are such that units can be leased up at lower initial rates without damaging the long-term profitability of the project. Condominium developments require rapid sales at prices capable of offsetting development costs.
3. Existing development activity and market momentum are usually required to attract developer interest due to the development costs and risks associated with this use.
4. Most condominium projects that have been developed in the District during recent years have been located close to either existing or proposed Metro rail stations that can assist in marketing the projects and reduce developer risk.
5. The corridor does not contain a strong base of existing buildings that are attractive, capable of conversion to condominium use, and marketed at prices capable of offsetting development costs.

As a result of the combination of these factors, we believe that residential development to the forecast horizon in the H Street corridor will be driven by demand for rental apartment units. Nevertheless, we do recognize that the area does have the potential to attract some condominium development particularly as the area stabilizes and emerges as a more desirable residential location. We have therefore included this unit type in our analysis and developed estimates for the likely increment over and above the rental unit potential.

Sub-regional and District Multiple Unit Demand Forecasts

- The District is part of a wider apartment market that





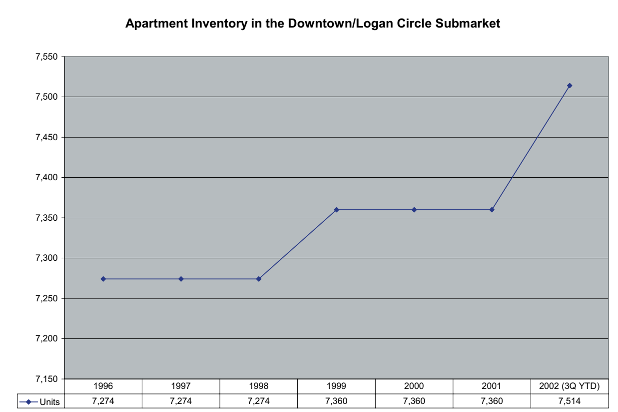
includes the inner suburbs of Arlington and Alexandria and, Fairfax, Montgomery and Prince George's County.

- The apartment market potential in the District depends on the extent to which it can effectively compete with these suburbs for multiple unit residents.
- The regional economic overview analysis above suggests that continued strong private and public sector investment in the District is resulting in solid economic and population growth and is increasing its competitiveness in the sub-regional marketplace. We anticipate that this trend will continue during the next five to ten years.
- We estimate that there are currently around 84,500 apartment units in the District of Columbia and a vacancy rate of two percent, well below typical stabilized rates of between 3 and 5 percent.
- At present, we believe that there is sufficient pent-up demand to support between 1,800 and 2,300 additional apartment units in the District. This does not represent the market potential. Rather it represents the quantity of additional units that can be supported by the market now while maintaining vacancy rates at acceptable stabilized levels.
- Assuming that the existing mix of single family versus multiple family units remains constant, population growth in the sub-region should generate demand for approximately 40,000 additional multiple family units for the ten-year period to 2012. This is based on the ratio between the resident population and the total housing stock.
- Currently the District's share of the sub-regional apartment market is around 20 percent. We believe that the increased competitiveness of the District could result in it capturing approximately 30 percent of the incremental increase in sub-regional demand over the next ten years.
- Based on our analysis of District Marketing Center data, during the last two years approximately 2,500 rental multiple family residential units have been constructed in the District with another 3,200 under construction for delivery over the next two years or so. Approximately 200 of those units are indicated as ownership (condominium) units or around 6.5 percent of the total.
- We therefore estimate that the ten-year incremental demand potential in the District is around 12,000 units. We would emphasize that these forecasts are for market support rather than development potential. Achieving such forecasts will be dependent on site availability, land costs, development regulations and other constraining factors.
- These demand forecasts, coupled with existing pent-up demand in the District, suggest that there exists sufficient demand to support an additional 13,800 – 14,300 additional units to the year 2012.

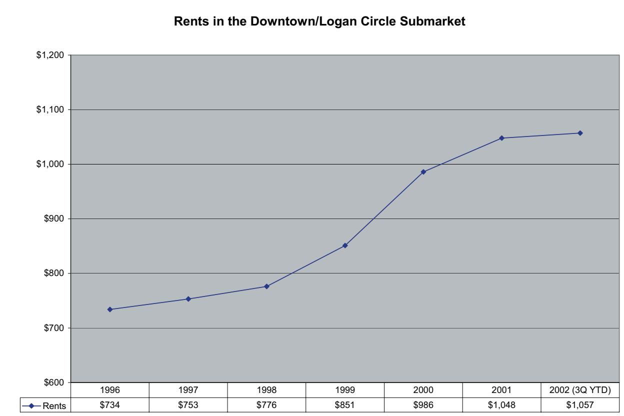
Rental Apartment Unit Demand Forecast, District of Columbia and Sub-Region 2002 - 2012

	2002		2012		2002 - 2012 Change	
Area	**Units**	**Share of Sub-Region**	**Units**	**Share of Sub-Region**	**Units**	**Percent**
District of Columbia	84,500	20.4%	96,500	21.2%	12,000	14.2%
Sub-Region (District of Columbia, Alexandria and Arlington, Fairfax, Montgomery and Prince George's Counties)	415,000	100%	455,000	100%	40,000	9.6%

Source:CACI; MW COG; Economics Research Associates, January 2002.



Source: REIS; Economics Research Associates



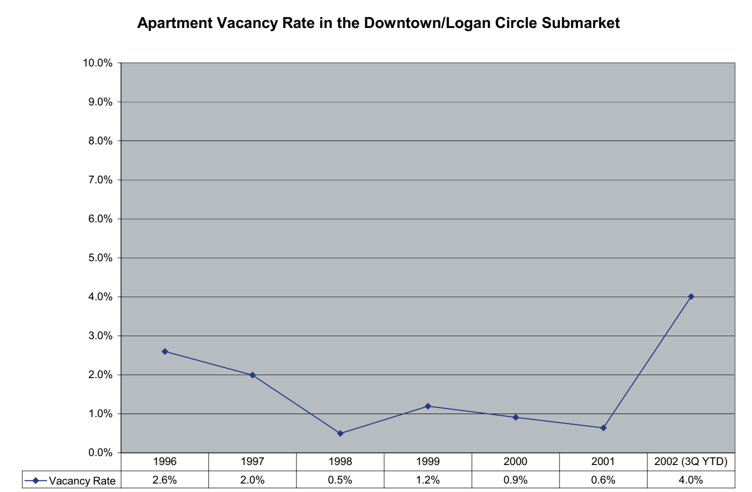
Source: REIS: Economics Research Associates

Market Analysis – Downtown/Logan Circle Sub-market

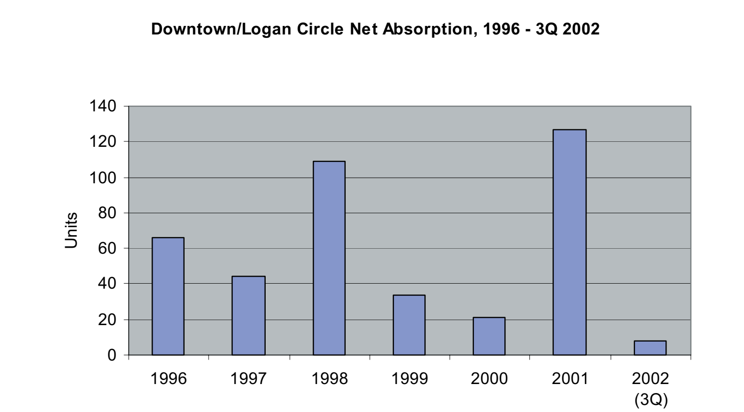
We have conducted an analysis of the Downtown/Logan Circle sub-market in order to generate estimates for the magnitude of the market potential for rental apartment units. The following provides an overview of the key market indicators together with forecast estimates for market capture to the 2012 planning horizon.

Inventory

- There are currently approximately 7,460 rental apartment units in the Downtown/ Logan Circle sub-market.
- This sub-market accounts for approximately nine percent of the total apartment inventory in the District.
- Based on our analysis of DC Marketing Center data, the sub-market has attracted considerable developer interest during the previous two years with approximately 420 new units added to the inventory with approximately 2,000 either under construction or proposed. All of these proposed units are anticipated to come on the market during the next two years.



Source: REIS; Economics Research Associate



Source: REIS; Economics Research Associates

Rents

- Our analysis of apartment rental rates in the sub-market reveal solid and accelerating rent growth during the five year period between 1996 and 2002. While rent growth has slowed since the end of 2000, rents remain healthy.
- Average unit rents have increased from around $730 in 1996 to $1,070 in 2002. This represents average annual rent growth of around seven percent far exceeding that which can be attributed to inflationary pressures of between two and three percent.

We anticipate that rents will remain strong with real rent growth of upwards of four percent during the short term.

Vacancy Rates

- The Downtown/Logan Circle apartment market is currently experiencing vacancy rates of around four percent, which is slightly higher than the District-wide rate of around three percent.
- Vacancy rates have increased from around one half of one percent during 2001, but remain within typical stabilized rates of between three and five percent.

Net Absorption

- The chart below reveals that absorption in the Downtown/Logan Circle sub-market has been positive during the five-year period since 1996.
- A comparison of absorption, inventory growth and vacancy reveals that demand has been sufficient to support supply growth while maintaining low vacancy rates.

Downtown/Logan Circle Sub-market Market Potential Forecast

- The Sub-market currently comprises approximately nine percent of the District apartment market which, as presented above, we estimate is capable of supporting between 13,800 and 14,300 additional units during the next ten years.
- Based on recent development activity, we believe that the sub-market is capable of capturing between 40 and 45 percent of District demand during the next ten years. This translates to approximately 5,500 – 6,400 units to the year 2012. Excluding the units currently under construction for imminent delivery to the marketplace, the net market potential is between 3,500 – 4,400 units.

Condominium Market Potential

We have conducted an overview analysis of the potential for condominium units in the H Street Corridor. As noted above, we believe multiple unit residential activity in the corridor will be driven by demand for rental units rather than condominium units for the reasons outlined. However, we recognize that the corridor might attract a modest amount of such development during the next ten years.

Based on data supplied by the District Marketing Center, we estimate that approximately ten percent of the multiple unit residential units that have either been completed during the last two years or units under construction in the Downtown/Logan sub-market are condominium units. Evidence of the potential for condominiums in the Capitol Hill sub-market can be found in recent developer interest in several projects including two school conversions and Kentucky Court, with a total of around 160 units under construction. We therefore estimate that approximately 50 – 100 units could be supported by the market, although as previously noted, this will largely depend on interest rates and developer perception of project risk.

Implications for H Street Corridor Residential Market Potential

The future potential of the H street corridor for multiple unit development will be dependent on its ability to effectively compete with established active markets in the District and emerging markets such as NoMa. Additionally, the corridor will have to compete with other proximate areas that will benefit from substantial public investment such as the area around the New York Avenue metro station which will be completed in 2004. However, as with office development, we believe that this area will be capable of attracting apartment developer interest as prime sites in established markets become more scarce. We believe that the area could be capable of capturing around 15 percent of the future market potential of the Downtown/Logan sub-market.

Supportable Estimates of Office Space and Apartment Units: 2002 - 2012

Objective

- To estimate a reasonable "envelope" of supportable development over the next ten years.

Methodology

- Determine the existing market share of the corridor for

Land Use Planning Targets, H Street Corridor, 2002 - 2012

	Office	Rental Apartment
District market demand (2002-2012)	**11,600,000**	**14,000**
Estimated Class B Office Market Share:		
East End	60%	N/A
Union Station	10%	N/A
Estimated Multi-Family Market Share:		
Downtown/Logan	N/A	45%
Estimated Adjacent Market Potential		
East End	6,960,000	N/A
Union Station	1,160,000	N/A
Downtown/Logan	N/A	6,300
Less Available Commited Space/Units	1,400,000	2,000
Net Sub-Market Market Potential	6,720,000	4,300
Corridor Capture of Adjacent Submarket Potential	2.5%	15%
Corridor Demand Potential (2002-2012)	**168,000**	**645**
Ave. FAR	**2.0**	**3.0**
Land required (Acres)	**1.9**	**4.9**
New Employees/Residents	**670**	**970**

Source: MWCOG; REIS; Grubb and Ellis; Economics Research Associates

the various uses in the District

- Develop reasonable expectations for regional demand over the next 10 years
- Determine the District share of regional demand growth potential
- Assess the competitiveness of the corridor today and the quantity of recent development activity that adjacent sub-markets are capturing
- Forecast the competitiveness of the corridor in the future
- Estimate the quantity of supportable development by land use

The table provided herein presents a summary of the findings of the market analysis and estimates of net new supportable space and units in the corridor over the next ten years or so. The preliminary planning targets are intended to help illustrate the redevelopment potential. In preparing land use and development plans for the corridor, it is important that aggregate totals of development for each land use do not substantially exceed that which is capable of being supported by the market. The planning targets are therefore intended to act as a reasonable envelope of supportable development.

Retail Market Analysis

Introduction and Methodology

ERA has examined the market supportable retail potential for the H Street Corridor. We have developed estimates for retail space potentials by major retail category under three scenarios:

Existing Conditions and Productivity Rates (2002). The purpose of this scenario is to illustrate the quantity of space that is capable of being supported by the market under existing conditions and what are reported to be typical rent levels for retail space in the H Street Corridor. This scenario assumes the existing mix of retail uses, resident and worker expenditure potentials and productivity rates which have been adjusted to reflect existing market conditions in the corridor. ERA notes that the lower-than-market rental rate averages (which range from approximately $8 to $12 per square foot) do not represent the level of sales or rental revenue that would warrant significant investment in H Street's retail commercial structures. In other words, many of the current retail tenants can be considered to be under-performing according to industry standards.

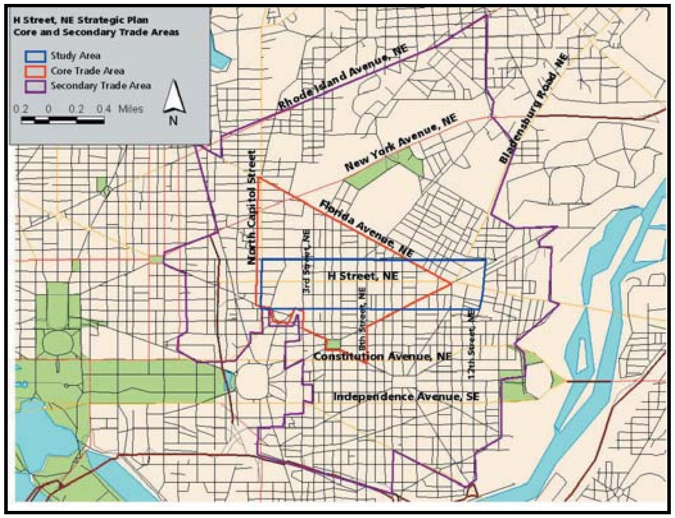
Another way to express our evaluation of current conditions is that (like many older commercial districts), H Street has a segment of retailers that would be considered marginal operations in more competitive environments. The total square footage of 'supportable space' under this scenario is therefore an illustrative amount, since the project's goal is to upgrade both the amount and quality of H Street's retail offerings.

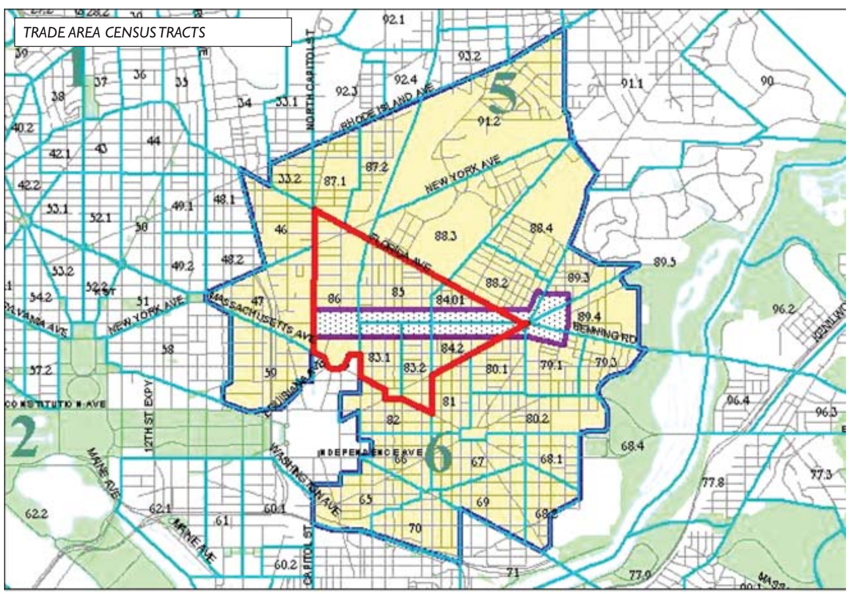
Existing Conditions and Investment Productivity Rates (2002). This scenario is intended to illustrate the impact of increasing the productivity rates on the quantity of space capable of being supported by the market. Since the increases in the expenditure base identified below will occur gradually over a period of ten years, this scenario represents the baseline estimate for the strategic repositioning of the corridor. It also assumes existing retail mix and resident and worker expenditure base. However, while the quantity of supportable space will be lower than in the above scenario, the higher productivity rates will produce higher sales volume and hence achievable rents. Such rents could support private sector investment in the retail commercial structures in the corridor at competitive locations. Surplus marginal space could be identified for land use succession. However, in order to determine the quantity of supportable space as an input to the ten year planning strategy for the corridor, we must examine the future growth potential of the expenditure base.

Future Conditions and Investment Productivity Rates (2012). This represents the forecast of supportable retail space based on increases in the expenditure potential and achievable capture rates. The expenditure base increases as a result of new residents and workers in and adjacent to the trade area and, changes in the demographic composition and income levels of the trade area residents. These estimates of supportable space reflect changes in the competitive image of the corridor, mix of retail offerings and increased market penetration.

ERA's intent in this analysis was to define a reasonable estimate of supportable space for a retail program comprised of the following major retail categories:

- General Merchandise, Apparel and Accessories, Furniture/Home Furnishings and Other (GAFO) – *General Merchandise* includes merchandise typically associated with department stores and specialty retailers. *Apparel and Accessories* includes women's, men's and children's apparel, jewelry and footwear. *Furniture* and Home Furnishings includes textiles, furniture, floor





coverings, major appliances, housewares, miscellaneous household equipment and consumer electronics. The *Other* (Miscellaneous Retail) category includes all other retail merchandise not categorized as above (e.g. television and sound equipment, pets/pet supplies, toys and playground equipment, other entertainment supplies and books).

- Convenience – includes items typically sold at a supermarket including cold prepared and unprepared food products primarily for consumption at home, personal care products, non-prescription drugs, alcoholic beverages for consumption at home and newspapers/ magazines.
- Eating and Drinking – includes both table-service restaurants as well as fast food operations purchased away from the home and retail liquor sales.

The retail market potential of the planning area is established by examining the expenditure potential generated from two major sources: expenditures of residents in the primary and secondary trade areas and customers that have been calculated as an "inflow" factor. The estimated market share is based upon the evaluation of several economic factors: the strength and mix of retailing within the trade area, the proximity of other retailing centers to the trade areas, and the economic characteristics of the residents of the area.

Trade Area Delineation

The primary and secondary trade areas for the subject site represents the geographical area from which the majority of customer sales are generated on a sustained basis. The trade areas have been delineated based on a variety of economic and market factors, including base census geographies, access and driving times, competitive locational patterns and population distribution and density characteristics.

These trade area definitions consider the Corridor's locational characteristics, including access and visibility; market competition facing existing retailers along the H Street Corridor; and the existing mix and quality of retail offerings in the corridor. ERA has defined the primary trade area as the area comprised of the six census tracts that border H Street, NE. Subject tracts are shown in Figure 1 and generally defined below.

- Tract 83.1 is bounded by H Street, NE on the north side, 2nd Street, NE on the west, Massachusetts Avenue, NE on the south, and 6th Street, NE on the east.
- Tract 83.2 is bounded by H Street, NE on the north side, 6th Street, NE on the west, Massachusetts Avenue, NE on the south, and 8th Street, NE on the east.
- Tract 84.2 is bounded by H Street, NE on the north side, 8th Street, NE on the west, and Maryland Avenue, NE on the south.
- Tract 84.1 is bounded by Florida and West Virginia Avenues, NE on the north side, 8th Street, NE on the west, and H Street, NE on the south.
- Tract 85 is bounded by Florida Avenue, NE on the north side, 2nd Street, NE on the west, H Street, NE on the south, and 8th Street, NE on the east.
- Tract 86 is bounded by Florida Avenue, NE on the north side, North Capitol Street, NE on the west, Massachusetts Avenue, NE on the south, and 2nd Street, NE on the east.

The secondary trade area is the area comprised of the 25 additional census tracts within approximately 1.5 miles of the H Street, NE corridor. Also shown in Figure 1, the

H Street Corridor Study: Retail Market Analysis

Trade Area Households, 2002 - 2012

Trade Area	2002	2012	2002-2012 Change	2000-2012 % Change
Primary	4,801	5,518	717	14.93%
Secondary	28,684	31,684	3,000	10.46%

Source: CACI; Economics Research Associates, October 2002.

Trade Area Average and Total Household Income, 2002 - 2012				
Variable/Trade Area	2002	2012	2002-2012 Change	2000-2012 % Change
Average Household Income:				
Primary	$ 64,205	$ 67,480	$3,274	5.10%
Secondary	$ 61,932	$ 63,790	$1,858	3.00%
Total Household Income:				
Primary	$308,249,804	$372,329,694	$64,079,890	20.79%
Secondary	$1,776,452,340	$2,021,115,235	$244,662,896	13.77%
Total	**$2,084,702,143**	**$2,393,444,929**	**$308,742,786**	**14.81%**

Source: US Census Bureau; Economics Research Associates

Resident Retail Expenditures by Major Retail Category		
	Total Resident Retail Expenditures	
Trade Area/Retail Category	2002	2012
Primary		
GAFO	$62,270,000	$66,193,909
Convenience	$26,018,590	$43,955,089
Meals and Beverages	$5,439,120	$16,788,330
Sub-Total	**$93,727,710**	**$126,937,329**
Secondary		
GAFO	$326,690,000	$342,876,397
Convenience	$103,629,780	$157,907,605
Meals and Beverages	$5,037,720	$38,362,899
Sub-Total	**$435,357,500**	**$539,146,902**

Source: Claritas Inc., US Census Bureau; Economics Research Associates

Existing Supportable Employee Supported Space: 2002					Supportable Space	
Variable	Employees	Expenditures Per Employee	Corridor Capture Rate	Total Expenditures	Low Productivity	High Productivity
Office	1,420	$2,500	50%	$1,775,000	N/A	N/A
Retail	9,952	$1,200	70%	$8,359,680	N/A	N/A
Industrial	739	$1,000	70%	$517,300	N/A	N/A
TCPU	1,093	$1,000	70%	$765,100	N/A	N/A
Government	1,765	$2,000	60%	$2,118,000	N/A	N/A
Total Expenditures	**14,969**	**-**	**-**	**$13,535,080**	N/A	N/A
Distribution by Category:						
GAFO	N/A	10%	N/A	$1,353,508	10,828	5,414
Convenience	N/A	20%	N/A	$2,707,016	19,336	9,668
Eating and Drinking	N/A	70%	N/A	$9,474,556	54,140	27,070
Total	N/A	**100%**	N/A	**$13,535,080**	**84,304**	**42,152**

Source: CACI; Economics Research Associates

secondary trade area is generally bounded by Rhode Island Avenue on the north, 6th Street, NW on the west, the Southeast/Southwest Freeway on the south, and Bladensburg Road on the east.

Trade Area Demographics

Demographic factors such as the number and size of households, average household income and total household income provide the basis for estimating the retail expenditure potential for the trade areas and subsequently, sales potential for the H Street Corridor. Those economic indices are discussed in the following sections with additional supporting data presented at the end of this Appendix.

Households and Household Size and Projections

For the purpose of this analysis, ERA uses households as the consumer unit to estimate retail expenditure potentials. The table below presents 2002 and 2012 estimates for the number and size of households in the two trade areas.

The table illustrates that the number of households are forecast to increase significantly to the year 2012. By 2012, the primary trade area is forecast to contain approximately 5,500 households, an increase of around 15.3 percent over current levels as a result of the potential multiple unit development in the corridor identified above. Households in the secondary area are forecast to increase by approximately 10.5 percent to around 32,000 by 2012. Growth in this trade area will be driven by new residential development in NoMa and the area around the new metro station at the intersection of New York and Florida Avenues.

Household Income and Projections

A key factor in determining the amount of dollars available within a given market for retail spending is total household income. This is the most important single determinant of the amount that the individual households can spend for retail purchases. The table below presents average household income and total household income and projections for the primary and secondary trade areas and forecasts for the period between 2002 and 2012. All values are in current, uninflated dollars.

Average Household Income

The table reveals that average household income levels are currently marginally higher in the primary trade area within which income levels are projected to grow at the fastest rate to the year 2012. The projections are based on an assumed changed in the demographic characteristics of residents in the area as a result of new public investment and the increased competitiveness of the area as a residential location. In developing the forecasts, we examined the income characteristics of the U Street corridor as a benchmark for potential demographic changes in the primary trade area. Average household income is also expected to increase in the secondary trade area as a result of planning and public initiatives in areas such as NoMa and the Florida/New York Avenue area.

Total Household Income (THI)

THI has been calculated by multiplying the total number of households by the average household income. The resulting figure represents the total amount of income present within the trade area, a portion of which is expended on retail goods. It is from THI that retail expenditure potentials are projected. THI is projected to increase significantly in both trade areas between 2002 and 2012, in part driven by the construction of new homes. By 2012, the combined THI for both trade areas will be around $2.4 billion.

Trade Area Resident Expenditure Potential

Total retail expenditure potential for 2002 and 2012 is set out in the table below. Retail expenditure potential is derived by comparing current estimates for total retail expenditures in each trade area to total household income. The proportion of household income that can be attributed to expenditures on the retail categories reflect both existing expenditure patterns and anticipated changes in the demographics. In this way forecasts can be developed for 2012 based on projected total household income for both trade areas.

The middle table on the left reveals that the sales potentials of both trade areas are forecast to increase substantially over the next ten years as a result of income and household growth. In both the primary trade area and secondary trade areas, growth will likely be greatest in the convenience and eating and drinking categories driven by increased disposable income. As income increases, expenditure growth is greatest in discretionary expenditures such as dining out and convenience expenditures locally due to time constraints of higher income individuals.

H Street Corridor Retail Supportable Retail space Estimates: 2002 - 2012

The share of total sales potential that the corridor is capable

Summary of Supportable Retail Space: 2002 - 2012 (Square Feet)			
	2002		**2012**
Retail Category	**Low Productivity**	**High Productivity**	**High Productivity (1)**
GAFO *(2)*	181,000	91,000	160,000
Convenience *(3)*	108,000	54,000	94,000
Meals and Beverages	64,000	32,000	49,000
Total (4)	**353,000**	**177,000**	**303,000**

(1) Based on 2002 Mid-Atlantic sales per square foot averages from International Council of Shopping Centers' Monthly Mall Merchandise Index.

(2) General merchandise includes general merchandise stores, apparel stores, and furniture stores.

(3) Convenience includes groceries, personal services, stationery, drugs/sundries, books and magazines,and tobacco.

(4) Includes space supported by new workers and residents

Source: Claritas Inc.; Economics Research Associates, October 2002.

of capturing is dependent on many factors including: the type, tenant mix and quality level of the stores, the availability of parking, and the appeal and effectiveness of competing facilities in the market. The following represents our analysis of such factors and an assessment of the sales potential of the corridor. Appendix B contains supporting data utilized in the analysis.

Competitive Framework

An examination of the competitive retail environment reveals significant competition within the primary and secondary trade areas and beyond elsewhere in the District, Northern Virginia and Prince George's County. Examples include concentrations at Union Station, Hechinger Mall, Capital Hill and the new shopping center on Rhode Island Avenue containing a Giant Foods supermarket and a Home Depot home improvement store. The overlapping trade areas of other proximate retail concentrations will limit the potential retail capture in both the primary and secondary trade areas. We believe that market capture rates in the secondary trade area will be lower than those in the primary trade area due to both distance from the corridor and the existence of significant competing concentrations primarily to the north, east in Prince George's County, west in downtown Washington and potential retail development in NoMa

Resident Sales Capture

Capture rates shown in the primary trade area for the various goods categories reflects existing nearby competition both within and adjacent to the trade area as described above. The lower capture rates in the secondary trade area for all categories analyzed reflect the distance from the corridor and nearby established competition. We have applied higher capture rates to the 2012 scenario based on the assumption that the area will be more competitive as a retail location at that time as a result of the increased expenditure base of residents and, public and private sector investment in the corridor.

Existing Worker Supported Space Estimates

At present, there are approximately 15,000 workers in the corridor. The expenditures of these workers contribute to the support for retail uses in the corridor. We estimate that at present the workers in the primary trade area spend approximately $13.5 million in the corridor annually. This is capable of supporting approximately 42,100 square feet of retail space. Of this space, around 27,000 square feet falls in the eating and drinking category.

Inflow

H Street is a major, heavily trafficked arterial with approximate average daily trip estimates of 24,000 cars. As such, we believe retail uses along the corridor are capable of capturing a significant proportion of their total retail sales from customers who reside outside the trade area. Again, we have applied higher inflow rates to the 2012 forecast due to the increase in the resident and worker expenditure base and the improved competitive image of the corridor as a result of public and private investment in the corridor during the next ten years. The impact of higher inflow rates will be an increase in the total expenditure base and therefore supportable space in the corridor.

Supportable Space and Composition

Supportable space is a function of total sales potential divided by average sales productivity rates per square foot for each major retail category. The chart below provides a breakdown of the supportable size of all three retail categories and existing and future sales productivity and investment scenarios.

For the existing, low productivity scenario, we have utilized sales productivity rates of between $125 per square foot for GAFO stores and $175 for eating and drinking establishments. Based on an existing retail inventory of approximately 370,000 square feet, the results of the analysis indicate that at present, the retail uses in the corridor are achieving similar sales productivity rates as reflected in the high levels of vacant and marginal space and current achievable rents of between $8 - $12 per square foot.

As previously noted, we do not believe that such rents warrant significant private investment in the retail building structures along H Street. In other words, the retail businesses along H Street are under-performing according to industry standards. Since improving the quality of the urban fabric along H Street is a central goal of the planning effort, the supportable square footage indicated in this scenario should be viewed in conjunction with that indicated in the existing, high productivity scenario. This illustrates the gap between existing space estimates and those capable of achieving rents at a level that can support private investment in the corridor.

In the existing, high productivity "investment" scenario, we have assumed industry standard sales volumes of between $250 for GAFO businesses and $350 per square foot for eating and drinking establishments. The resultant supportable space estimate is approximately half that which currently exists in the corridor. We therefore believe that in order to attract private investment in retail uses in the corridor today and improve the quality of the retail space, substantial public investment would likely be required together with across-the-board reductions in the quantity of space. However, such an approach would be inconsistent with the District's goals of retention and enhancement of the retail tax base of the District and reversing expenditure leakage to the suburbs based on the continued resurgence of the District economy. The objective is to increase competitiveness of retail areas in developing land use strategies that incorporate an appropriate mix and quantity of retail space. Given the medium to long-term nature of approaches to urban revitalization, we must examine future growth potentials to determine the ultimate "envelope" of supportable space as an input to a ten year planning strategy for the area.

The estimated 2012 supportable space forecast also assumes industry standard productivity rates. The results clearly illustrate the impact of public improvements in the corridor, additional residential and office development and, changes in the demographic composition of residents in the trade areas. Household income growth reflective of that which has occurred along U Street coupled with additional office and retail workers should be capable of supporting approximately 300,000 – 310,000 square feet of space by 2012. While we should emphasize that this forecast is an estimate, it represents a 70 – 75 percent increase of the quantity of space that can be supported in the corridor while also attracting private investment in the structures.

Implications of Potential Cultural and Entertainment Facilities

ERA also reviewed the impact of entertainment/cultural facilities on retail potential along the H Street Corridor. At present, two theater projects are under development or in early stages of operations. The most ambitious project is the Atlas Theater, which has been proposed to include two smaller theaters for live performances; one is to include 150 seats, while the larger theater would include up to 250 seats. The other is the H Street Theater, which includes 150 seats. Theaters and other cultural venues do create traffic for retail corridors, and are particularly supportive of generated business for food and beverage establishments (cafes, table service restaurants, coffee and liquor bars designed to serve the tastes and expenditure potentials of theater patrons), and draw visitors to the area during the evenings when many traditional retail stores have closed. However, ERA points out that, while the cultural venues are a critical and very positive addition to the H Street mix, the impact on supportable retail is more modest. Issues such as the total number of theater attendees and the popularity of the venue in drawing numbers of patrons would have a major effect on how much additional retail demand is created.

For example, if the 550 seats in the two theaters are programmed to have performances on 100 nights per year and were 75 percent occupied (a very successful attendance rate for non-commercial theater), and using a capture rate of 20 percent (the percentage of all food and beverage expenditures available anywhere to theater goers which might be 'captured' by restaurants along H Street) the total amount of retail supported would be less than 500 square feet of space (assuming an average expenditure of $15 per person). Even if the number of performance nights, the capture rate, and the expenditure levels were doubled, the theaters would still only support about 2,500 square feet of space.

This is not to discount the importance of attracting theater patrons to H Street in the evenings; the theaters would be very positive activating uses for the area. But it should be noted that the economic spin-off for restaurants is not strong enough to solely generate enough business to carry the required investment and operating costs for a food and beverage location; they constitute a very good complement to other markets, but the other markets are critical if the restaurants are to be economically feasible.

Implications of Development on Large Sites at Both Ends of the Corridor

Part of the planning and economic viability issues for H Street concerns the potential and impact of the large sites at the ends of the corridor – the Hechinger site and the proposed air rights development at Union Station, Station Place. A number of stakeholders at the Design Charrette suggested that it would be beneficial to the area (and would provide missing product lines and values) if one or more 'Big Box' retailers (large format retail stores selling a large assortment of consumer products such as electronics, linens and housewares, or other lines; examples include stores such as Target or Best Buy) could be recruited to a location along H Street. ERA reviewed preliminary plans for Station Place as well as discussed the build-out potential for the Hechinger site. After consideration of both sites, ERA concluded the following:

- Introduction of a Big Box retailer (55,000 to 80,000 square feet) would require either that the store be constructed on two levels (no longer considered an impossibility by national chains, but more costly to operate than conventional suburban sites and far from common in the industry) and/or that structured parking would be required to support the needed number of spaces (also a higher than usual cost, if compared to suburban sites).
- The market impact on H Street corridor retailers would be indirect rather than direct for either location. Because of the prevailing pedestrian shopper behaviors (consumers are reluctant to walk more than 1,200 to 1,500 feet as part of a shopping experience), neither site would comfortably be a 'walk-to' location from the proposed Main Street core area along the central portion of H Street. It is more likely that the introduction of one or more Big Box retailers at the eastern or western end of the corridor would help in recapturing a large share of District-based expenditures which are currently 'leaking' out of the District to these types of stores in Northern Virginia (particularly to the Potomac Yards 'Big Box' mall near Alexandria on Route 1) or to stores located in Prince Georges County. Recapturing these 'lost' expenditures would also increase pass through traffic along H Street as they would generate what the retail industry calls "inflow", defined as a retail use that is a strong enough destination that customers will seek it/them out and are willing to travel further than the distance that the more proximate markets (motivated by convenience) would be willing to go.

These recovered sales, largely from District of Columbia residents from Capitol Hill and other neighborhoods in NE and NW Washington, would attract more people driving to the destination Big Box stores along the H Street corridor, increasing the level of exposure for locally owned and Mom-and-Pop businesses located in the more pedestrian-oriented central portion of H Street. While it may be argued that destination retailers may not generate sales in specialty shops and restaurants on the same trip as their Big Box visit, the exposure could foster another shopping trip later as more and more customers become familiar with the H Street corridor. Therefore, the benefits of introducing/recruiting Big Box retailers to H Street is less direct, but would build customer traffic from other parts of the area which would be less likely to come to H Street at all without the Big Box destinations.

With regard to the potential linkage between the central pedestrian retail zone of the Corridor with the Station Place project, ERA is concerned that the walking distance inside the project from central H Street, combined with the grade change up the Bridge from the street level below, will act as discouragements to the expectation of an easy flow of pedestrian shoppers between Station Place and the central (most active, pedestrian oriented) core of the H Street corridor.

Appendix Table 1

Demographic Profile, 1990-2000

Core Trade Area

	83.1			83.2			84.2			84.1			85		
	1990	2000	Change	1990	2000	Change	1990	2000	Change	1990	2000	Change	1990	2000	Change
Population	2,346	2,243	-4%	1,964	1,956	0%	2,763	2,139	-23%	1,714	1,506	-12%	3,666	3,209	-12%
Households	1,078	1,162	8%	830	885	7%	1,080	1,114	3%	540	499	-8%	1,178	1,129	-4%
Family Households	378	383	1%	354	346	-2%	389	342	-12%	353	327	-7%	733	673	-8%
Percentage Family Households	35%	33%	-	43%	39%	-	36%	31%	-	65%	66%	-	62%	60%	-
Average Household Size	N/A	1.92	-	N/A	2.08	-	-	1.84	-	-	2.95	-	-	2.81	-
Race															
White	57%	60%	0%	54%	55%	3%	21%	22%	-17%	4%	4%	-29%	5%	5%	-15%
Black	41%	34%	-20%	45%	40%	-10%	77%	71%	-29%	95%	92%	-15%	93%	92%	-14%
American Indian, Eskimo, Aleut	0%	0%	50%	0%	0%	-67%	0%	0%	-9%	0%	0%	400%	0%	0%	-38%
Asian or Pacific Islander	1%	3%	89%	1%	2%	88%	1%	2%	40%	0%	1%	60%	1%	1%	9%
Other	1%	1%	69%	1%	1%	36%	1%	1%	13%	1%	2%	145%	1%	1%	8%
Hispanic Origin	2%	3%	45%	2%	3%	25%	2%	3%	0%	2%	3%	50%	2%	3%	29%
Population Age < 18	11%	10%	-13%	13%	13%	3%	10%	14%	6%	23%	26%	-1%	22%	26%	3%
Population Age 65+	10%	8%	-25%	9%	12%	30%	15%	17%	-14%	14%	14%	-15%	14%	13%	-16%
Male	48%	52%	4%	52%	51%	-3%	55%	45%	-36%	47%	48%	-9%	50%	48%	-16%
Female	52%	48%	-12%	48%	49%	2%	45%	55%	-6%	53%	52%	-15%	50%	52%	-9%
Income															
Median Household Income	43,298	66,550	54%	45,357	67,868	50%	23,696	31,484	33%	35,156	43,333	23%	27,708	35,225	27%
Average Household Income	51,897	74,353	43%	56,880	79,674	40%	39,432	42,882	9%	38,114	61,127	60%	33,417	43,880	31%
Per Capita Income	23,847	38,519	62%	24,038	36,049	50%	15,413	22,333	45%	12,008	20,254	69%	10,738	15,438	44%
Housing Units	1,237	1,254	1%	930	950	2%	1,181	1,245	5%	666	650	-2%	1,394	1,390	0%
Vacant	159	103	-35%	100	61	-39%	101	114	13%	126	165	31%	216	261	21%
Vacant percentage	13%	8%		11%	6%		9%	9%		19%	25%		15%	19%	
Owner-occupied	511	609	19%	481	515	7%	349	418	20%	362	336	-7%	661	671	2%
Owner-occupied percentage	41%	49%		52%	54%		30%	34%		54%	52%		47%	48%	
Renter-occupied	567	553	-2%	349	370	6%	731	696	-5%	178	163	-8%	517	458	-11%
Renter-occupied percentage	46%	44%		38%	39%		62%	56%		27%	25%		37%	33%	

Note: Where percentages are shown (Race, Age, and Gender), the percent change in units, not composition, is shown in the Change column.

Source: US Census, Economics Research Associates

Appendix Table 2

Housing Profile, 2000

Primary Trade Area

	83.1	83.2	84.2	84.1	85	86	Total	District
Housing Units	1276	921	1199	696	1389	27	5508	274,845
Owner Occupied	623	497	372	381	677	7	2557	101,216
Renter Occupied	550	363	713	147	451	6	2230	147,122
Vacant	103	61	114	168	261	14	721	26,507
Units in Structure								
1, detached	48	29	31	0	75	3	186	36,331
1, attached	599	530	457	606	1109	24	3325	72,668
2	231	186	124	38	88	0	667	8,304
3 or 4	104	7	32	43	16	0	202	21,944
5 to 9	42	78	14	0	50	0	184	21,735
10 to 19	51	36	129	9	38	0	263	28,429
20 to 49	119	48	101	0	7	0	275	20,585
50+	82	7	311	0	0	0	400	64,362
Mobile home	0	0	0	0	6	0	6	203
Boat, RV, Van	0	0	0	0	0	0	0	284
Median rent	$740	$806	$480	$599	$522	$625	-	$577
Median house value	$229,400	$227,200	$143,800	$108,800	$103,200	$98,800	-	$157,200

Source: US Census, Economics Research Associates

Table 3

Average Annual Household Consumer Expenditures

Core and Secondary Trade Areas

	Core		Secondary	
	Distribution	Amount	Distribution	Amount
Food				
Food at home	7.2%	$4,315	7.3%	$4,186
Food away from home	4.3%	$2,550	4.3%	$2,457
Alcoholic beverages	0.8%	$466	0.8%	$456
Apparel and Accessories				
Men's apparel	0.9%	$535	0.9%	$510
Women's apparel	1.6%	$973	1.6%	$928
Children's apparel	0.5%	$303	0.5%	$296
Footwear	0.8%	$504	0.9%	$490
Watches & jewelry	0.5%	$295	0.5%	$275
Health Services	2.3%	$1,351	2.2%	$1,270
Automotive	1.7%	$1,000	1.7%	$960
Leisure and Entertainment	4.7%	$2,788	4.7%	$2,705
Home Furnishings	3.6%	$2,142	3.6%	$2,068
Total Household Consumer Expenditures	28.9%	$17,222	28.9%	$16,600
Average Household Income		$59,621		$57,510

Source: ESRI, US Census Bureau, Economics Research Associates

H Street Corridor Study: Retail Market Analysis
Appendix Table 6

Supportable Retail Space, Primary Trade Area, 2012

Retail Category	Expenditure Potential	Capture Rates	Inflow	Productivity/ Sq. Ft. (1)	Supportable Space
GAFO *(2)*	$66,193,909	12.5%	12%	$250	**43,024**
Convenience *(3)*	$43,955,089	20.0%	12%	$280	**45,346**
Meals and Beverages	$16,788,330	20.0%	12%	$350	**37,972**
Total	**$ 126,937,329**	**N/A**	**N/A**	**N/A**	**126,342**

Supportable Retail Space, Secondary Trade Area, 2012

Retail Category	Expenditure Potential	Capture Rates	Inflow	Productivity/ Sq. Ft. (1)	Supportable Space
GAFO *(2)*	$342,876,397	7.5%	12%	$250	**116,890**
Convenience *(3)*	$157,907,605	7.5%	12%	$280	**48,064**
Meals and Beverages	$38,362,899	7.5%	12%	$350	**9,342**
Total	**$ 539,146,902**	**N/A**	**N/A**	**N/A**	**174,296**

Total Supportable Retail Space, 2012

Retail Category	Expenditure Potential	Capture Rates	Inflow	Productivity/ Sq. Ft. (1)	Supportable Space
General Merchandise *(2*	$409,070,306	N/A	12%	$250	**159,914**
Convenience *(3)*	$201,862,695	N/A	12%	$280	**93,410**
Meals and Beverages	$55,151,229	N/A	12%	$350	**47,313**
Total	**$ 666,084,230**	**N/A**	**N/A**	**N/A**	**300,637**

Note: Secondary Trade Area approximates a ten minute drive time, less the primary trade area.

(1) Based on 2002 Mid-Atlantic averages from International Council of Shopping Centers' Monthly Mall Merchandise Index.

(2) General merchandise includes general merchandise stores, apparel stores, and furniture stores.

(3) Convenience includes groceries, personal services, stationery, drugs/sundries, books and magazines,and tobacco.

Source: US Census Bureau; Claritas Inc.; Economics Research Associates, November 2002.

H Street Corridor Study: Retail Market Analysis
Appendix Table 5

Supportable Retail Space, Primary Trade Area, 2002
(Investment Productivity)

Retail Category	Expenditure Potential	Capture Rates	Inflow	Productivity/ Sq. Ft. (1)	Supportable Space
GAFO *(2)*	$62,270,000	5.0%	5%	$250	**18,524**
Convenience *(3)*	$26,018,590	15.0%	5%	$280	**24,340**
Meals and Beverages	$5,439,120	15.0%	5%	$350	**29,524**
Total	**$ 93,727,710**	**N/A**	**N/A**	**N/A**	**72,387**

Supportable Retail Space, Secondary Trade Area, 2002

Retail Category	Expenditure Potential	Capture Rates	Inflow	Productivity/ Sq. Ft. (1)	Supportable Space
GAFO *(2)*	$342,876,397	5.0%	5%	$250	**72,185**
Convenience *(3)*	$157,907,605	5.0%	5%	$280	**29,682**
Meals and Beverages	$38,362,899	2.0%	5%	$350	**2,308**
Total	**$ 539,146,902**	**N/A**	**N/A**	**N/A**	**104,174**

Total Supportable Retail Space, 2002

Retail Category	Expenditure Potential	Capture Rates	Inflow	Productivity/ Sq. Ft. (1)	Supportable Space
General Merchandise *(2*	$405,146,397	N/A	5%	$250	**90,708**
Convenience *(3)*	$183,926,195	N/A	5%	$280	**54,022**
Meals and Beverages	$43,802,019	N/A	5%	$350	**31,831**
Total	**$ 632,874,612**	**N/A**	**N/A**	**N/A**	**176,561**

(1) Based on 2002 Mid-Atlantic averages from International Council of Shopping Centers' Monthly Mall Merchandise Index.

(2) General merchandise includes general merchandise stores, apparel stores, and furniture stores.

(3) Convenience includes groceries, personal services, stationery, drugs/sundries, books and magazines,and tobacco.

Source: US Census Bureau; Claritas Inc.; Economics Research Associates, November 2002.

H Street Corridor Study: Retail Market Analysis
Appendix Table 6

Supportable Retail Space, Primary Trade Area, 2012

Retail Category		Expenditure Potential	Capture Rates	Inflow	Productivity/ Sq. Ft. (1)	Supportable Space
GAFO *(2)*		$66,193,909	12.5%	12%	$250	**43,024**
Convenience *(3)*		$43,955,089	20.0%	12%	$280	**45,346**
Meals and Beverages		$16,788,330	20.0%	12%	$350	**37,972**
Total	**$**	**126,937,329**	**N/A**	**N/A**	**N/A**	**126,342**

Supportable Retail Space, Secondary Trade Area, 2012

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Meals and Beverages		$38,362,899	7.5%	12%	$350	**9,342**
Total	**$**	**539,146,902**	**N/A**	**N/A**	**N/A**	**174,296**

Total Supportable Retail Space, 2012

Retail Category		Expenditure Potential	Capture Rates	Inflow	Productivity/ Sq. Ft. (1)	Supportable Space
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Meals and Beverages		$55,151,229	N/A	12%	$350	**47,313**
Total	**$**	**666,084,230**	**N/A**	**N/A**	**N/A**	**300,637**

Note: Secondary Trade Area approximates a ten minute drive time, less the primary trade area.

(1) Based on 2002 Mid-Atlantic averages from International Council of Shopping Centers' Monthly Mall Merchandise Index.

(2) General merchandise includes general merchandise stores, apparel stores, and furniture stores.

(3) Convenience includes groceries, personal services, stationery, drugs/sundries, books and magazines,and tobacco.

Source: US Census Bureau; Claritas Inc.; Economics Research Associates, November 2002.

APPENDIX B - MERCHANT AND CONSUMER SURVEYS AND SUMMARIES

H Street Merchants Survey

Informational

Business Name: ______ Address: ______
Owner Name: ______ Address: ______
Property Owner: ______ Address: ______

1. What is your type of Business:

☐ Take-out restaurant	☐ Hair/nail salon – barber shop	☐ Retail-men's clothing
☐ Sit-down eatery	☐ Non-profit/social services	☐ Retail-women's clothing
☐ Grocery-no liquor	☐ Church	☐ Retail-sporting goods
☐ Grocery-liquor sale	☐ Entertainment	☐ Retail-shoes
☐ Liquor store	☐ Dry cleaner/Laundromat	☐ Retail – other: ______
☐ Arts/cultural related	☐ Professional services: (specify) ______	☐ Electronics

2. Size of Business: ☐ Square feet ☐ Number of floors occupied ☐ Number of floors in building ☐

Longevity/Ownership

3a. How long has your business operated? ☐ Yrs. ☐ Months
3b. How long have you been at th address? ☐ Yrs. ☐ Months
3c. How long have you operated in DC? ☐ Yrs. ☐ Months
3d. How many employees do you have? ☐ Full-time ☐ Part-time
3e. Do you own or rent your space/building? ☐ Own ☐ Rent
3f. How long is your term of lease? ☐ Yrs. ☐ Yrs. Remaining
3g. Do you have the option to renew? ☐ Yes ☐ No
3h. What is you rent? ______ $ Per month or ______ $ Per year
3i. Are your accounting systems automated/electronic? ☐ Yes ☐ No
3j. Do you use a computer at your business? ☐ Yes ☐ No
3k. Do you accept credit cards? ☐ Yes ☐ No

Operational

4a. What hours do you operate? ☐ AM to ☐ PM
4b. When is your peak business period? ☐ : ☐M to ☐ : ☐M
4c. How do you advertise? ☐ Community newspaper(s) ☐ City newspaper ☐ Radio ☐ Churches Schools ☐ Website ☐ Other ______
4d. Do you have a current business plan? ☐ Yes ☐ No
4e. When do you receive deliveries? ☐ Early AM ☐ AM ☐ Noon ☐ Afternoon ☐ PM

Sales/Customer Base

5a. What was your total annual sales in 2001? ______
5b. In the last 3 – 5 years, has your business volume… ☐ Increased ☐ Remained stable ☐ Declined
5c. In the last year, what percentage at your sales could be considered "new business"? ☐ 0-20% ☐ 21-44% ☐ 50% or more
5d. What percentage of your customers come from within the surrounding H Street neighborhood? ☐ 51% or more ☐ 50% ☐ Less than 50%
5e. How do your customers come to your business? ☐ % Walk ☐ % Drive ☐ % Bus ☐ % Bike or taxi
5g. If your patrons drive where do they generally park? ☐ Street ☐ Parking lot
5f. What is your average number of customers daily? ______

H Street Merchants Survey (continued)

Services and Incentives

6a. Which of these do you know about?

☐ Enterprise Zone Incentives	☐ Master Business Licenses
☐ HUB Zone Incentives	☐ Historic Preservation tax credit benefits
☐ Advantages of status as a Local Small-Disadvantaged Business Entrepreneur (LSDBE)	☐ reSTORE DC – Main Street Initiative
☐ Setting up a Business Improvement District (BID)	☐ Strategic Neighborhood Action Plan (SNAP) recommendations regarding H Street NE and surrounding communities

6b. Do you participate in the H Street Merchants & Professionals Association? ☐ Yes ☐ No
6c. Have you used the services of the H Street Community Development Corporation? ☐ Yes ☐ No
(If so, which?) ______
6d. Do you participate in any other merchants' organization(s)? ☐ Yes ☐ No
(If so, which?) ______

Trends and Attitudes

	7a. Why are you on H Street?	**7b**. What made you locate here?	**7c**. Why do you stay?
Family business	☐	☐	☐
Affordable rent	☐	☐	☐
Community demand for service	☐	☐	☐
Other	______	______	______

Rate the H Street corridor in the following factors: **(PLACE X IN BOX)**

	Very poor	Poor	Average	Good	Excellent
Physical Image and Character	☐	☐	☐	☐	☐
Cleanliness	☐	☐	☐	☐	☐
Safety	☐	☐	☐	☐	☐
Area name recognition	☐	☐	☐	☐	☐
Parking	☐	☐	☐	☐	☐
Credit availability/ease for getting loans	☐	☐	☐	☐	☐
Loyalty/patronage of local shoppers	☐	☐	☐	☐	☐
Government Services	☐	☐	☐	☐	☐

(OPTIONAL)
Race of business owner. ☐ Black ☐ White ☐ Asian ☐ Other (specify) ______

Summary of Trends Regarding H Street Business Owners

From mid April to mid May 2002, the District of Columbia's Office of Planning implemented a survey of business/property owners on H Street NE from 3rd to 17th Street. The purpose of the survey was to gather a sample of information to discern trends affecting H Street owners and their opinions of resources, services and information available to them. This survey was prompted by a pending planning process that would result in a series of recommendations about revitalizing this important neighborhood serving and regional commercial street.

Between 120 and 150 surveys were mailed to H Street business owners. District staff visited each business on the H Street corridor to assist in completing the survey, to provide a copy of the survey to those who did not receive it via mail, to pick up surveys, to encourage completion of the survey and to inform owners about the pending planning process. Twenty-seven surveys (27) were returned. The response level was roughly 20% of owners on the corridor. Geographically, owners were spread across the corridor. Respondents were predominantly local businesses.

The results of the sampling are as follows:

Operations

1. Of those responding, property owner operate approximately half of businesses. Surveys were returned from 14 property owners (52%) and 13 renters (48%).

2. The range of the age of businesses is wide, from a few months up to over 50 years. The average business age is approximately 14 years. On average, just over 11 of those years were spent on H Street.

3. Of those who own their property and business, the average age is almost 16 years, roughly 5 years more than others on H Street. Those renting averaged 6.5 years on H Street.

4. The average employee/staff size is between 3 and 5 full and part-time employees for small business owners. If employment at the corridor's institutions is factored in, the number increases noticeable. Major employers include Capitol Children's Museum, Department of Employment Services, etc. With employment at the Museum alone, the range increases up to over 7 employees on average.

5. Amongst renters, the typical lease term is about 5 years with 85% reporting options to renew.

6. Most businesses maintain 9 AM to 6 PM business owners. However, several reported opening as early as 7 AM and closing as late as 9 or 10 PM. This information will be most useful if mapped for all corridor businesses to determine parking demand periods.

7. An estimated 67% of businesses do not have a current business plan. 62% of renters do not have a business plan, and 71% of owners do not.

8. 67% of business do not have electronic accounting systems. 62% and 71% of renters and owners, respectively, do not.

9. 52% of all businesses indicated that they have access to a computer at their business. 64% of owners have computer access onsite while only 38% of renters have access.

10. 41% of businesses accept credit card purchases. 54% of renters accept credit cards while 71% of owners do not. This variation may relate to the age of the business as well as the type of business.

Sales and Customer Base

11. Of the nine owners reporting annual sales information, sales average approximately $475,000. For the four renters reporting, the average is just over $293,000.

12. 43% of businesses report that over 50% of their customer base comes from the local neighborhood. 22% estimate that half of their customers are local residents while 35% believe that less than half are area residents.

13. Over the last 3 to 5 year period, businesses old enough to report indicate that their customer base has primarily remained stable (44%). 28% report an increase. 11% of businesses report declining customer bases. Review of customer base dynamics by age of business was largely consistent as business between 3 and 5 years, 5 and 10, 10 and 20, 20 and 30, and over 30 years old, predominantly reported a stable customer base.

14. 60% of businesses reported that less than 20% of their customers could be considered "new business."

Trends and Attitudes

15. Between 26 and 37% of businesses indicated that they are on H Street due to community demand for their products and services. 19% report family ties and rent issues, individually, as the reason for their H Street location.

16. Respondents rated the corridors physical image and character as predominantly poor or average (36% in each category).

17. 42% view the corridor's cleanliness as average. 27% found it poor.

18. Safety received a poor rating from 42% of respondents. 38% found it average.

19. 46% found the corridor's name recognition as average. 25% believe it is good.

20. Respondents rated parking from very poor to average. 43% view parking availability as poor. 23% rated parking as very poor and another 23% rated it as average.

21. 44% rated credit availability as poor; 25%, very poor; and 31%, average.

22. Business owners rated customer loyalty as good (45%) or average (41%).

23. 36% find government service delivery to be average; 32%, good; 18%, very poor; and 14%, poor.

24. 65% of all respondents are black; 9%, white; 22%, Asian; and 4%, other.

25. Of owners, blacks constitute 73%; whites, 18%; and Asians, 9%. Of renters, 58% are black; 33%, Asian; and 8%, other.

Services and Incentives

26. There is an astoundingly clear need for District Government to better disseminate information about its programs, initiatives and incentives.

85% do not know about the Enterprise Zone on H Street.

85% do not know about the HUB zone.

81% do not know about the advantages of Local Small Disadvantage Business Entrepreneur status (LSDBE).

93% do not know about how a Business Improvement District (BID) is established.

81% do not know about Master Business Licenses.

93% do not know about the pros and cons of historic preservation and tax credits available for landmark building restoration.

81% do not know about reStore DC Main Streets though H Street was recently designated as such.

93% do not know what the Strategic Neighborhood Action Plan (SNAP) for their Cluster says about H Street.

27. 37% of respondents are active members of the H Street Merchants and Professionals Association.

28. 30% have accessed the services available through the H Street Community Development Corporation (HSCDC).

29. 11% are at least members of another merchants or professional organization.

H Street NE Consumer Survey

For Internal Uses Only:
Date: ____________

☐ H ☐ FM
☐ EM ☐ PS
☐ U ☐ CS

Please take a moment to complete the following survey. The information you provide will help guide the revitalization of the H Street NE commercial corridor with valuable information on current conditions and perceptions on and about H Street, NE. All information is voluntary and anonymous.

1. Where do you live?
   - ☐ Within 3 blocks of H Street NE
   - ☐ Near Northeast, Stanton Park, Linden, Rosedale, or Kingman Park (Cluster 25)
   - ☐ Elsewhere **Zip Code**

2. Where do you work/go to school?
   - ☐ Within 3 blocks of H Street NE
   - ☐ In Near Northeast, Stanton Park, Linden, Rosedale, or Kingman Park (Cluster 25)
   - ☐ Elsewhere **Zip Code**
   - ☐ Not Applicable

3. What is your annual household income?
   - ☐ Under $10,000
   - ☐ $10,000 - $25,000
   - ☐ $25,000 - $50,000
   - ☐ $50,000 - $100,000
   - ☐ Over $100,000

4. How old are you?
   - ☐ Under 18
   - ☐ 18-24
   - ☐ 25-34
   - ☐ 35-49
   - ☐ 50-64
   - ☐ 65 or over

5. What is your gender?
   - ☐ Male
   - ☐ Female

6. How many people are in your household? ____________
   What are their ages? (please list)

7. When was the last time you visited H Street NE? (if "never" go to #11)
   - ☐ Today
   - ☐ This week
   - ☐ Last week
   - ☐ Several weeks/months ago
   - ☐ Never: **Why not?**____________
   ____

8. How often do you visit H Street?
   - ☐ Daily
   - ☐ Weekly
   - ☐ Once or twice a month
   - ☐ Rarely

9. When do you usually visit?
   - ☐ Workday/school time (9am-5pm)
   - ☐ Mornings
   - ☐ Noontime/lunchtime
   - ☐ Afternoon
   - ☐ Evening
   - ☐ Weekends

10. What was the purpose of your most recent visit?
    - ☐ Work
    - ☐ Shopping or running errands
    - ☐ To eat/get lunch or dinner
    - ☐ Church
    - ☐ Exercising/just passing through
    - ☐ Visiting friends/hanging out
    - ☐ Catching the bus
    - ☐ Browsing/just looking around
    - ☐ Other:__________________

H Street NE Revitalization
DC Office of Planning

For more information on the H Street NE Revitalization Plan please contact

DC Office of Planning
801 N. Capitol Street, NE - 4th Floor
Washington, DC 20002
Phone: 202-442-7600
Fax: 202-442-7637
Karina.ricks@dc.gov
Derrick.woody@dc.gov

Government of the District of Columbia

11. Where do you buy the following goods and services **most frequently**?
    "H" - for H Street, NE
    "U" - for Union Station
    "M" - for the Hechinger Mall
    "DC" - for elsewhere in DC
    "O" - for "outside the District"
    If you do not purchase, leave the line blank.

Retail Items
- ___ Everyday clothing
- ___ Specialty clothing (hats, hip-hop)
- ___ Shoes
- ___ Home furnishings (furniture, etc.)
- ___ Hardware items
- ___ Music (tapes, CDs, etc.)
- ___ Books and magazines
- ___ Health products (prescription drugs, drug store items, etc.)
- ___ Specialty retail (antiques, jewelry, etc.)

Food Sales
- ___ Groceries
- ___ Convenience shop items (soda, etc.
- ___ Carry-out or delivery food
- ___ Eat-in or sit down restaurant food
- ___ Alcohol purchases (take home)
- ___ Specialty foods (nutritional supplements, fresh fish, etc.)

Services
- ___ Beauty services
- ___ Financial services (banking, etc.)
- ___ Legal or health services (doctor, lawyer, dentist, etc.)
- ___ Automotive services
- ___ Contracting services
- ___ Entertainment (movies, dancing,)

12. How would you rate H Street on the following characteristics? Mark:
    "1" - for excellent
    "2" - for good
    "3" - for average
    "4" - for poor
    "5" - for very poor
    (fill in each blank)
    - _____ Variety of goods and services
    - _____ Cost of goods and services
    - _____ Quality of goods and services
    - _____ Sense of comfort/safety
    - _____ Physical appearance/character
    - _____ Cleanliness
    - _____ Friendliness of retailers
    - _____ Easy and safe for pedestrians
    - _____ Transit service/access by transit
    - _____ Parking availability
    - _____ Neighborhood/community pride

13. What are the ***top two*** things that would attract you to H Street more?
    - ☐ Better mix of goods & services
    - ☐ More attractive character
    - ☐ Better sense of personal safety
    - ☐ Easier access (transit/parking)
    - ☐ More things to do
    - ☐ Better sense of what is there
    - ☐ Better prices
    - ☐ Other ________________

14. What do you like most about H Street today ?

Please describe what you would like to see on the H Street corridor or your vision for the street:

H Street NE Consumer Survey

H Street NE Revitalization
DC Office of Planning

Thank you for participating. RETURN SURVEY TO:

DC Office of Planning
801 N. Capitol Street, NE - 4th Floor
Washington, DC 20002
Phone: 202-442-7600
Fax: 202-442-7637
Karina.ricks@dc.gov
Derrick.woody@dc.gov

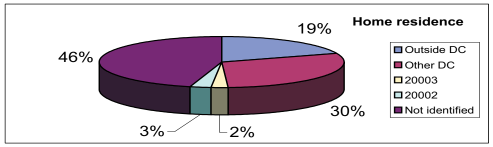
Government of the District of Columbia

H Street Consumer Survey Summary Results

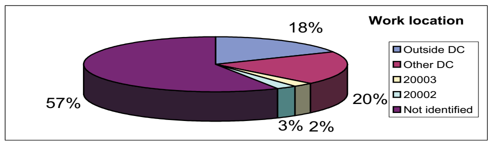
Total number of returned surveys ***534***

Surveying period - June - August '02

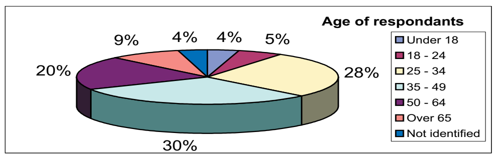
home zip		
Outside DC		104
Other DC		159
	20003	12
	20002	14
Not identified		245



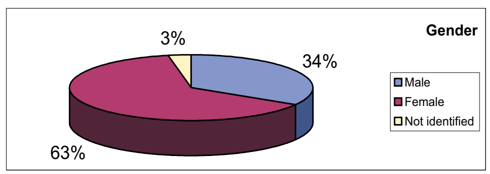
Work zip		
Outside DC		94
Other DC		105
	20003	13
	20002	14
Not identified		308



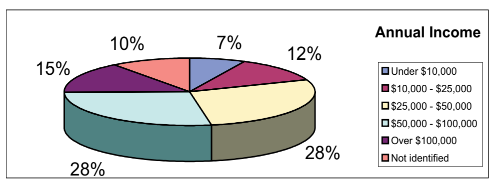
Age	
Under 18	21
18 - 24	29
25 - 34	149
35 - 49	162
50 - 64	106
Over 65	47
Not identified	20



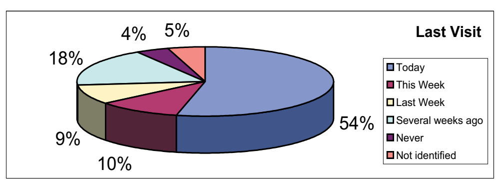
Gender	
Male	179
Female	339
Not identified	16



Annual Income	
Under $10,000	38
$10,000 - $25,000	64
$25,000 - $50,000	150
$50,000 - $100,000	147
Over $100,000	80
Not identified	55

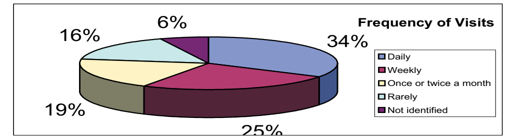


Last Visit	
Today	286
This Week	56
Last Week	50
Several weeks ago	94
Never	23
Not identified	25

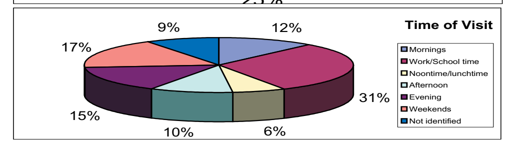


* Note 10 "nevers" comment on H Street with familiarity and respond that their frequency of visits to H Street is "rarely" indicating they have probably been to H Street before

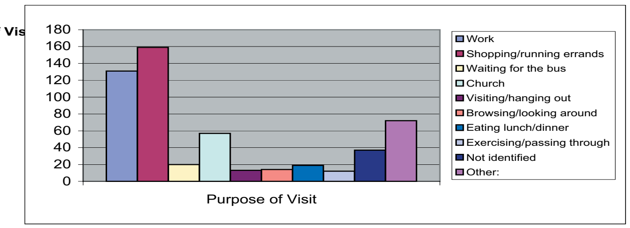
Frequency of Visits	
Daily	179
Weekly	133
Once or twice a month	102
Rarely	88
Not identified	32



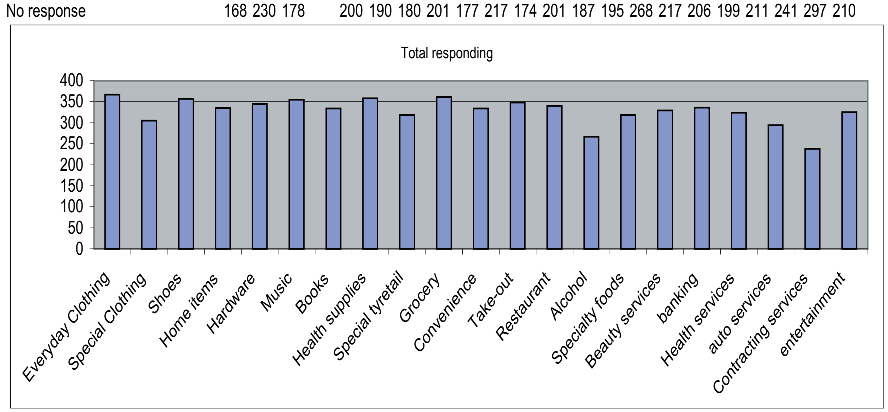
Time of Visit	
Mornings	63
Work/School time	161
Noontime/lunchtime	34
Afternoon	54
Evening	81
Weekends	93
Not identified	48



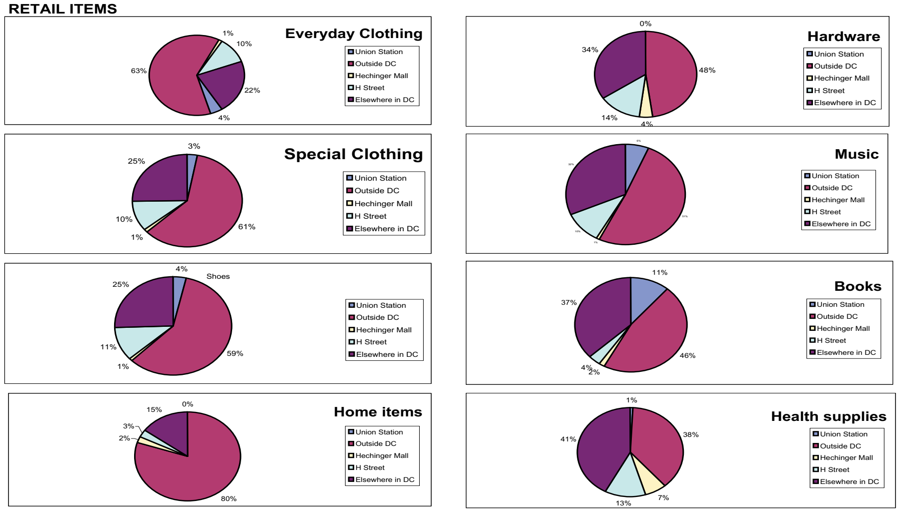
Purpose of Vis	
Work	131
Shopping/running errands	159
Waiting for the bus	20
Church	57
Visiting/hanging out	13
Browsing/looking around	14
Eating lunch/dinner	19
Exercising/passing through	12
Not identified	37
Other:	72
Hair	*38*
DMV	*6*
Other	*28*



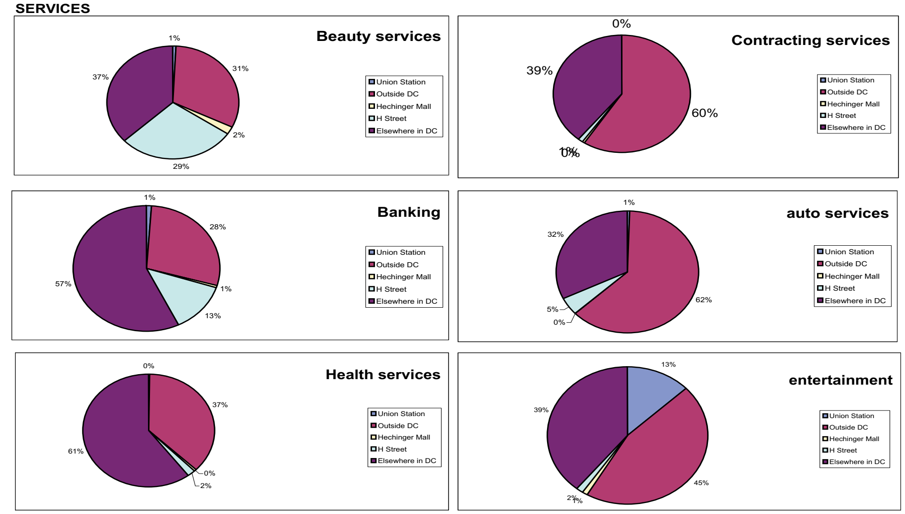
	Everyday C	Spe	Sho	Home ite	Harc	Mus	Boo	Hea	Spe	Groc	Con	Take	Res	Alco	Spe	Bea	banl	Hea	auto	Con	entertain
Total responding	367	305	357	335	345	355	334	358	318	361	334	348	340	267	318	329	336	324	294	238	325
Union Station	15	9	13	0	0	23	38	3	3	1	8	20	27	8	4	3	4	1	2	0	42
Outside DC	230	183	210	268	165	180	155	135	212	148	74	67	145	90	132	103	95	120	183	141	148
Hechinger Mall	4	4	3	7	14	3	6	24	0	48	12	4	0	0	7	7	2	1	0	1	3
H Street	38	32	40	10	47	37	12	45	17	20	65	83	10	23	16	94	43	7	14	3	5
Elsewhere in DC	80	77	91	50	119	112	123	151	86	144	175	174	158	146	159	122	192	195	95	93	127
No response	168	230	178	200	190	180	201	177	217	174	201	187	195	268	217	206	199	211	241	297	210



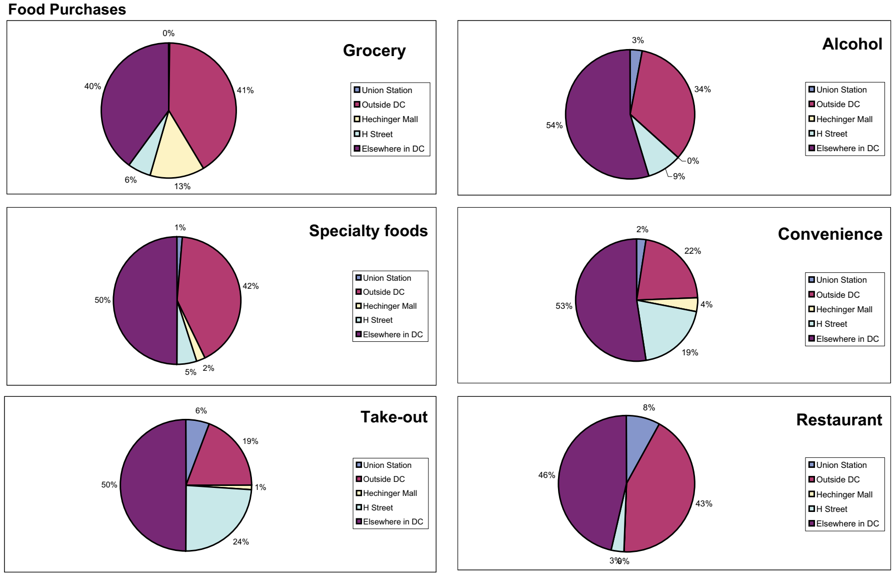
RETAIL ITEMS

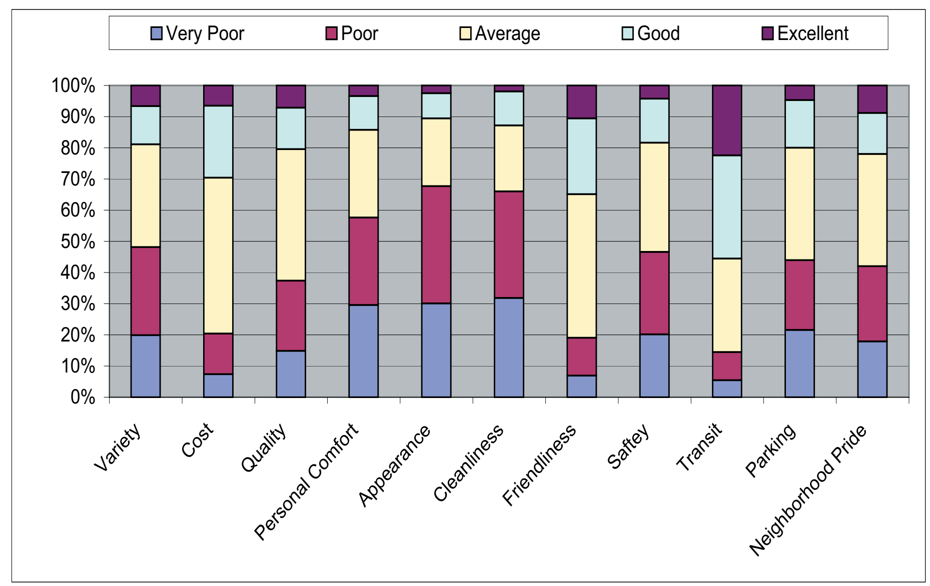


SERVICES



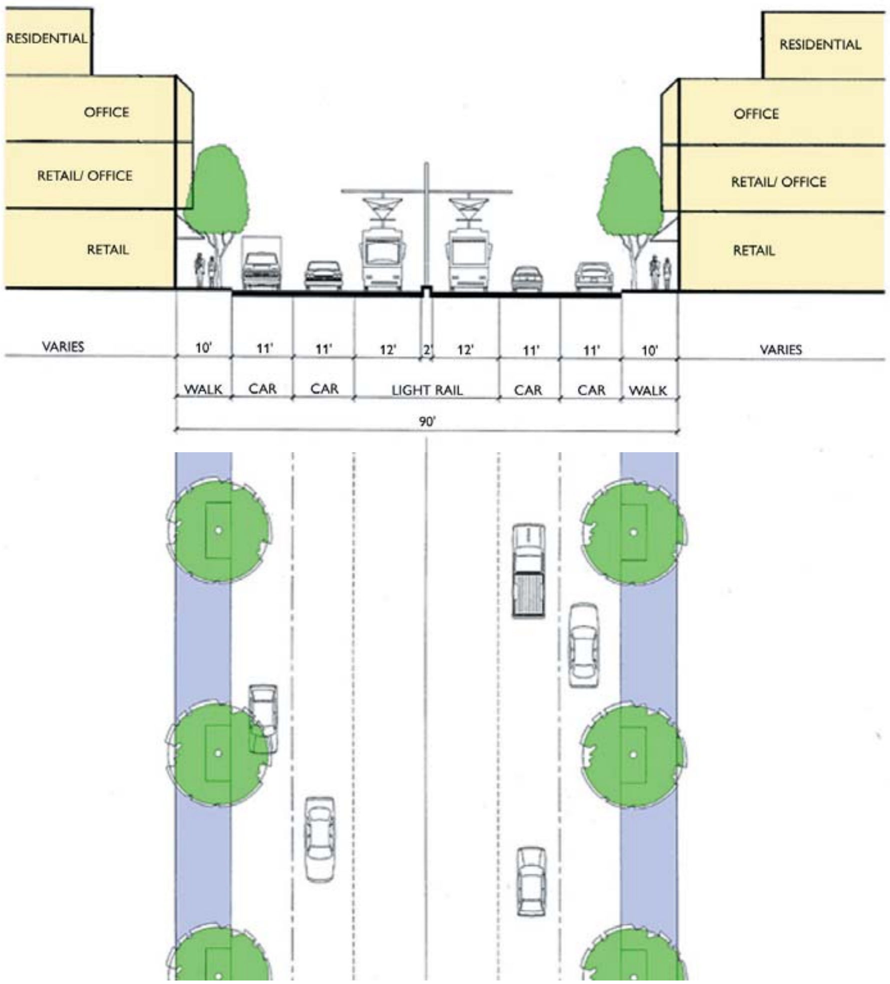
Food Purchases





APPENDIX C - NON-PREFERRED STREET SECTION ALTERNATIVES

STREET SECTION & PLAN



Non-Preferred Alternative 1 - Two 12' Light Rail Tracks / Center Pole / Four 11' Travel Lanes / No Parking / 10' Sidewalks

Vehicular

Advantages

- Maintains three travel lanes (two traffic and one light rail) to accommodate peak traffic.
- 11' travel lanes vs. 10' travel lanes could potentially increase traffic capacity by approximately 4%.
- Light rail could play a significant role in reducing vehicular traffic demands.

Disadvantages

- Inability to use a third traffic lane as a travel/turning lane in the peak direction during rush periods.
- Potential growth in the H Street and North Capitol Street corridors may cause a need to keep three traffic lanes in the peak direction during weekday commuter peak periods.

Transit

Advantages

- Ability to maintain local bus service similar to current bus service in addition to light rail.
- Two dedicated lanes each carrying four-car light rail trains with 450 passengers every five minutes has seven-and-a-half times (7.5X) the ridership capacity as conventional bus service with 60-passenger buses at the same interval.[1]
- Because dedicated rights-of-way separate light rail vehicles from other traffic, light rail can operate faster and with greater schedule reliability than local bus service.
- Light rail provides user-friendly service, which enhances access throughout the H Street corridor and also to other key areas in the city.
- Light rail on a dedicated transit lane is generally perceived by the public as a more attractive transit mode than conventional bus service in mixed traffic lanes or even bus rapid transit.[2]

Disadvantages

- Average infrastructure construction capital cost per mile for light rail is $34.8 million vs. $680,000 to $13.5 million for bus rapid transit.[3]
- Light rail vehicle speed is generally slower than that for bus rapid transit.[4]

Pedestrian

Advantages

- Mid-street light rail station platforms provide pedestrian refuge islands.
- Higher quality and more frequent transit service generally translates into more on-street foot-traffic.[5]

Disadvantages

- Elimination of curbside parking lanes eliminates any buffer betweenthesidewalkpedestrianzoneandprivatevehicletrafficin travel lanes.
- Some sidewalk space is narrower than 10', due to street furniture and bus stops, which does not permit adequate space for pedestrians to walk comfortably on a busy commercial street.
- Two additional 11' travel lanes need to be traversed (since parking lanes would be removed) to reach other side of street, which increases pedestrian/vehicular conflicts.
- Two travel lanes need to be traversed to reach mid-street light rail station platforms.

Parking

Advantages

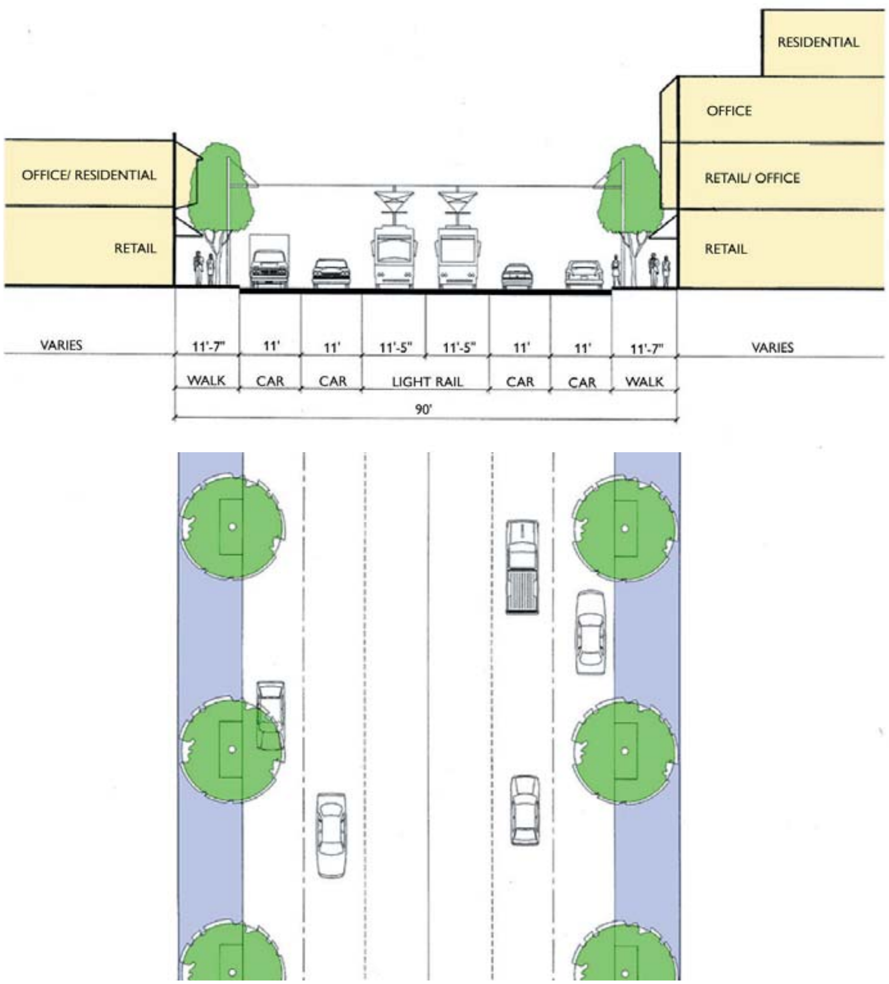
- Light rail could reduce the vehicular parking demands in the corridor with less private vehicle dependency.

Disadvantages

- Permanent curbside travel lanes along H Street eliminate convenient parking spaces.

[1] Valley Connections, *About Light Rail: Fact Sheet*, http://www. valleyconnections.com/images/newsletters/pdf/About_LRT.pdf
[2] McCormick Rankin International, Bus *Rapid Transit, A Creative Solution for Some of Today's Urban Transportation Problems*, November 2000. pp. 18.
[3] United States General Accounting Office, *Bus Rapid Transit Shows Promise*, Washington, DC., 2001. pp. 17.
[4] Ibid. pp. 25.
[5] Arrington, Jr., G.B., *Beyond the Field of Dreams: Light Rail and Growth Management in Portland*, Portland, OR, 1996. pp. 10.

STREET SECTION & PLAN



Non-Preferred Alternative 2 - Light Rail / Two 11'5 inch Tracks / No Center Pole / Four 11' Travel Lanes / 11'7 inch Sidewalks / No Parking

Vehicular

Advantages

- Maintenance of three (3) travel lanes needed (two traffic and one light rail) to accommodate peak traffic demands.
- Light rail could play a significant role in reducing vehicular traffic demands.
- 11' traffic lanes vs. 10' traffic lanes could potentially increase traffic capacity by approximately 4%.

Disadvantages

- Inability to use a third traffic/turning lane as a travel lane in the peak direction during rush periods.
- Potential growth in the H Street and North Capitol Street corridors may cause a need to keep three traffic lanes in the peak direction during weekday commuter peak periods.

Transit

Advantages

- Ability to maintain local bus service similar to current bus service in addition to light rail.
- Two dedicated lanes each carrying four-car light rail trains with 450 passengers every five minutes has seven-and-a-half times (7.5X) the ridership capacity as conventional bus service with 60-passenger buses at the same interval.
- Because dedicated rights-of-way separate light rail vehicles from other traffic, light rail can operate faster and with greater schedule reliability than local bus service.
- Light rail provides user-friendly service that enhances access throughout the H Street corridor and also to other key areas in the city.
- Light rail on a dedicated transit lane is generally perceived by the public as a more attractive transit mode than conventional bus service in mixed traffic lanes.

Disadvantages

- Average infrastructure construction capital cost per mile for light rail is $34.8 million vs. $680,000 to $13.5 million for bus rapid transit.
- Light rail vehicle speed is generally slower than that for bus rapid transit.

Pedestrian

Advantages

- Increase in sidewalk space from 10' to 11'7 inch, provides more pedestrian space on heavily used sidewalks.
- Mid-street light rail station platforms provide pedestrian refuge islands.

Disadvantages

- Removal of curbside parking lanes eliminates any buffer between the sidewalk pedestrian zone and private vehicle traffic in travel lanes.
- Two additional 11' travel lanes need to be traversed to reach other side of street, which increases risk of pedestrian/vehicular conflicts.
- Two travel lanes need to be crossed to reach mid-street light rail station platforms.

Parking

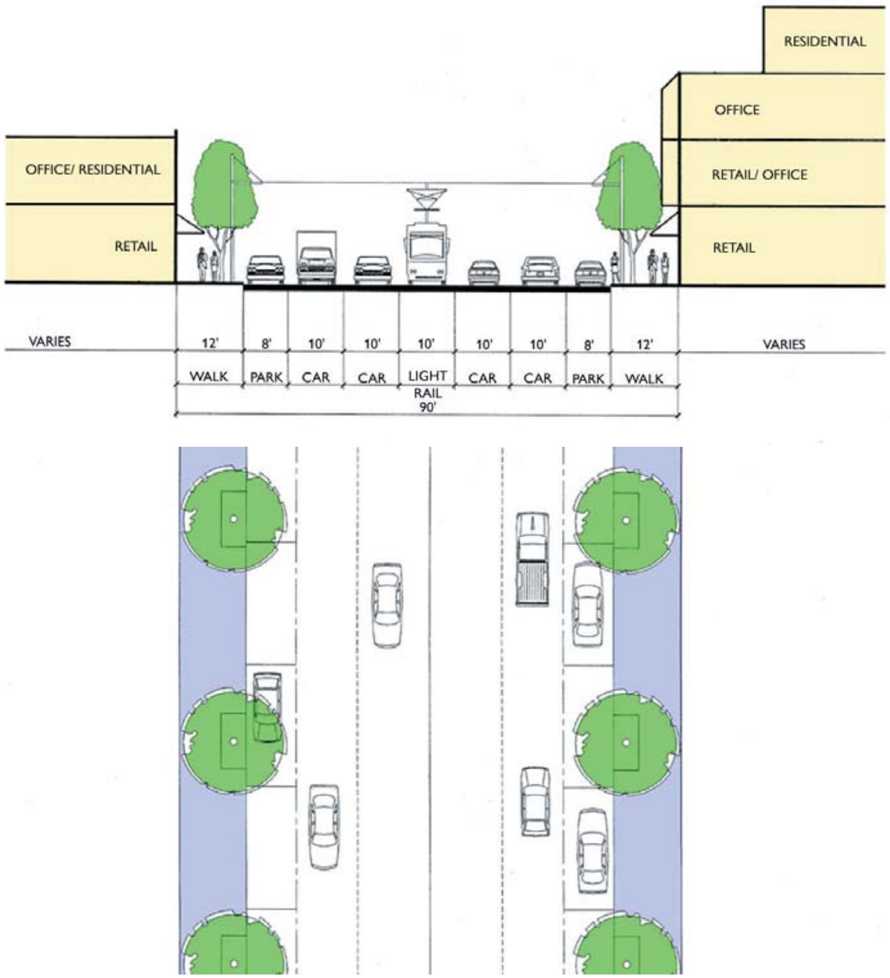
Advantages

- Light rail would reduce the vehicular parking demands in the corridor with less private vehicle dependency.

Disadvantages

- Permanent curbside travel lanes along H Street eliminates convenient parking spaces.

STREET SECTION & PLAN



Non-Preferred Alternative 3 - Light Rail / One 10' Track / Four 10' Travel Lanes / Two 8' Full-Time Parking Lanes / 12' Sidewalks

Vehicular

Advantages

- Maintenance of three (3) travel lanes (two traffic and one light rail) to accommodate peak traffic.
- Light rail would play a significant role in reducing vehicular traffic demands

Disadvantages

- Inability to use a third traffic lane as a travel/turning lane in the peak direction during rush periods.
- Potential growth in H Street and North Capitol Street Corridors are an even greater argument for maintaining three traffic lanes in the peak direction during weekday commuter peak periods.
- Narrowing of travel lanes to 10' from 12'[6] in addition to the synchronized timing of traffic lights would likely slow private vehicle travel speeds.
- Private vehicles entering and exiting curbside parking during peak-time periods in adjacent travel lanes, reduces the capacity of traffic in adjacent travel lanes.

Transit

Advantages

- Ability to maintain local bus service similar to current bus service in addition to light rail.
- One dedicated lane carrying four-car light rail trains with 450 passengers every ten minutes has seven-and-a-half times (7.5X) the ridership capacity as conventional bus service with 60-passenger buses at the same interval.
- Because dedicated rights-of-way separate light rail vehicles from other traffic, light rail can operate faster and with greater schedule reliability than local bus service.
- Light rail provides user-friendly service that enhances access throughout the H Street corridor and also to other key areas in the city.
- Light rail on a dedicated transit lane is generally perceived by the public as a more attractive transit mode than conventional bus service in mixed traffic lanes.

Disadvantages

- 10' travel lanes are narrower than the 11' minimal width considered acceptable for bus turning movements.
- A 10' track would require narrower light rail vehicles than a 12' track (less space in light rail vehicles).
- One dedicated transit lane reduces the frequency and capacity of light rail.
- A disabled light rail vehicle on a single track could significantly cripple light rail service in the corridor.
- Average infrastructure construction capital cost per mile for light rail is $34.8 million vs. $680,000 to $13.5 million for bus rapid transit.
- Light rail vehicle speed is generally slower than that for bus rapid transit.

Pedestrian

Advantages

- Increase in sidewalk space from 10' to 12' provides more pedestrian space on heavily used sidewalks.
- Full-time parking lanes on street provide a protective buffer between the pedestrian and moving traffic zones.
- Permanent curbside parking lanes effectively creates a narrowertravellanezonethatmustbecrossedtoreachtheother side of the street.
- Private vehicles entering and leaving curbside parking spaces helps slow down private vehicles in adjacent travel lanes.
- 10' travel lanes helps reduce private vehicle driving speeds making for safer pedestrian street crossings.
- Mid-street light rail station platforms provide pedestrian refuge islands.

Disadvantages

- Two travel lanes need to be crossed to reach mid-street light rail station platforms.

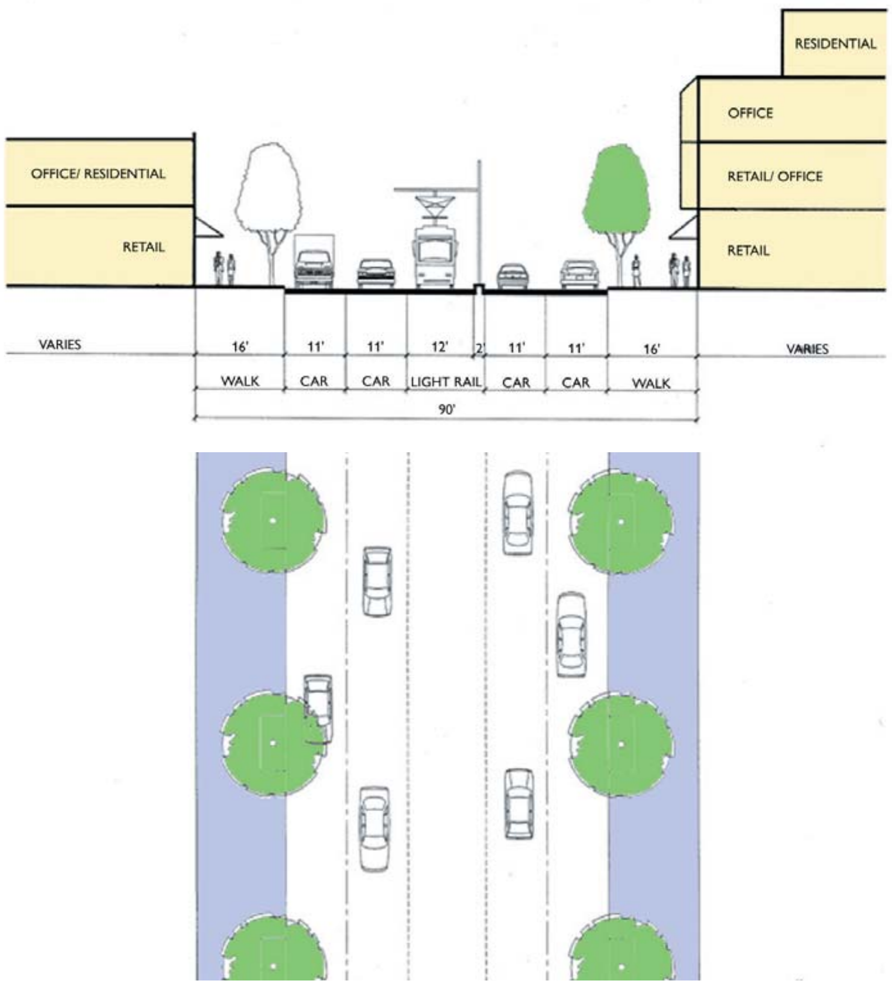
Parking

Advantages

- No parking eliminated within the study area during peak or non-peak times.

[6] Burden, Dan, Building Communities With Transportation, 2001. pp. 9. http://www.walkable.org/trbpaper.pdf

STREET SECTION & PLAN



Non-Preferred Alternative 4 - Light Rail / One 12' Track / Four 11' Travel Lanes / No Parking / 16' Sidewalks

Vehicular

Advantages

- Maintain three travel lanes (two traffic and one light rail) needed to accommodate peak traffic demands.
- Light rail would play a significant role in reducing vehicular traffic demands. 11' travel lanes vs. 10' travel lanes could potentially increase traffic capacity by 4%.

Disadvantages

- Inability to use a third traffic lane as travel/turning lane in the peak direction during rush periods.

Transit

Advantages

- Ability to maintain local bus service similar to current bus service in addition to light rail.
- One dedicated lane carrying four-car light rail trains with 450 passengers every ten minutes has seven-and-a-half times (7.5X) the ridership capacity as conventional bus service with 60-passenger buses at the same interval.
- Because dedicated rights-of-way separate light rail vehicles from other traffic, light rail can operate faster and with greater schedule reliability than local bus service.
- Light rail provides user-friendly service that enhances access throughout the H Street corridor and also to other key areas in the city.
- Light rail on a dedicated transit lane is generally perceived by the public as a more attractive transit mode than conventional bus service in mixed traffic lanes.

Disadvantages

- One dedicated transit lane reduces the frequency and capacity of light rail.
- A disabled light rail vehicle on a single track could significantly cripple light rail service in the corridor.
- Average infrastructure construction capital cost per mile for light rail is $34.8 million vs. $680,000 to $13.5 million for bus rapid transit.
- Light rail vehicle speed is generally slower than that for bus rapid transit.

Pedestrian

Advantages

- Increase in sidewalk space from 10' to 16' provides more pedestrian space on heavily used sidewalks.
- Mid-street light rail station platforms provide pedestrian refuge islands.

Disadvantages

- Elimination of curbside parking lanes eliminates any buffer betweenthesidewalkpedestrianzoneandprivatevehicletrafficin travel lanes.
- Two additional 11' travel lanes need to be crossed to reach other side of street, increasing the risk of pedestrian/ vehicular conflicts.
- Two 11' travel lanes need to be crossed to reach light rail station platforms.

Parking

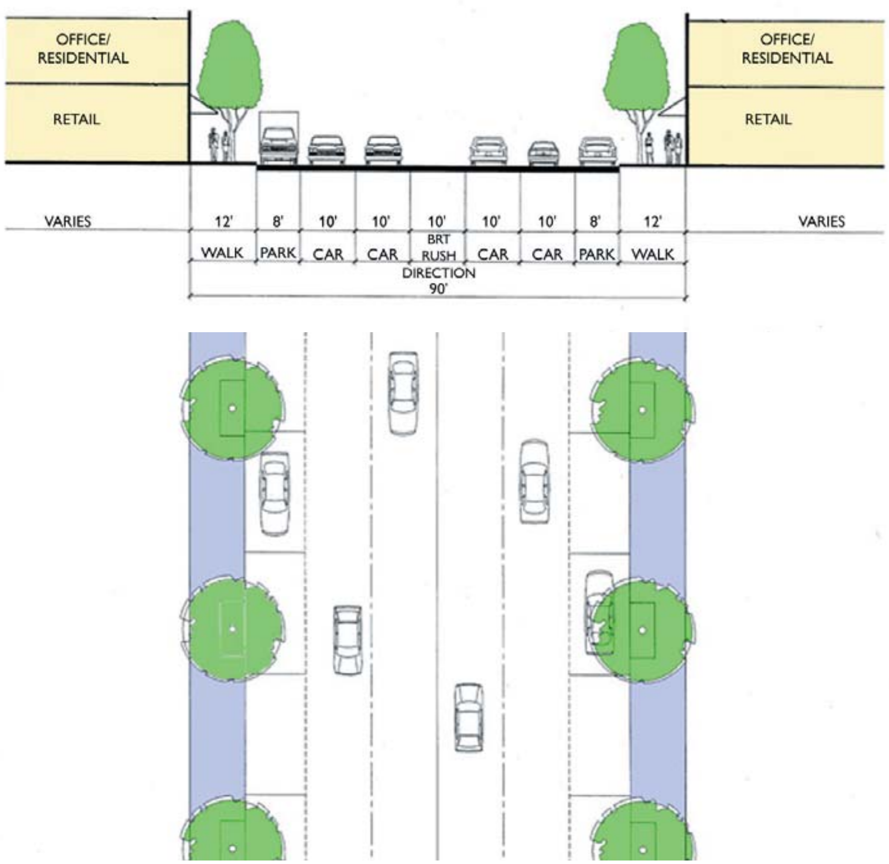
Advantages

- Light rail would reduce the vehicular parking demands in the corridor with less private vehicle dependency.

Disadvantages

- Permanent curbside travel lanes along H Street eliminates convenient parking spaces.

STREET SECTION & PLAN



Non-Preferred Alternative 5 - Bus Rapid Transit / One 10' Center Lane (rush direction) / Four 10' Travel Lanes / Two 8' Full-Time Parking Lanes / 12' Sidewalks

Vehicular

Advantages

- Four to five travel lanes along H Street accommodates heavy traffic volumes during peak and non-peak times.
- Maintains three travel lanes (two traffic and one bus rapid transit) to accommodate peak traffic.
- Bus rapid transit would play a significant role in reducing vehicular traffic demands.

Disadvantages

- Inability to use a third traffic lane as a travel/turning lane for private vehicles in the peak direction during rush periods.
- Narrowing travel lanes to 10' from 12' reduces private vehicle travel speeds.
- Private vehicles entering and exiting curbside parking during peak-time periods in adjacent travel lanes reduces the capacity of traffic in adjacent travel lanes.

Transit

Advantages

- Ability to maintain local bus service similar to current bus service in addition to bus rapid transit.
- One dedicated lane in the peak direction for bus rapid transit increases the ridership capacity of transit.
- Because dedicated rights-of-way separate buses from other traffic, bus rapid transit can operate faster and with greater schedule reliability than local bus service.[7]
- Use of green light signal prioritization, satellite vehicle tracking systems, and real-time bus arrival information at stations, further enhances the schedule reliability of bus rapid transit.
- Bus rapid transit provides user-friendly service that improves access throughout the H Street corridor and also to other key areas in the city.
- Costs for bus rapid transit facilities on dedicated lane are one quarter (1/4) that for facilities using light rail.[8]

Disadvantages

- 10' travel lanes are narrower than the 11' minimal width considered acceptable for bus turning movements.
- 10' dedicated bus rapid transit lane is narrower than the 11' minimal width considered acceptable for bus rapid transit vehicles.
- One dedicated bus lane reduces the frequency and capacity of bus rapid transit.
- Bus rapid transit vehicles are smaller and have less capacity than light rail vehicles.

Pedestrian

Advantages

- Increase in sidewalk space from 10' to 12' provides more pedestrian space on heavily used sidewalks.
- Full-time parking lanes on street provide a protective buffer between the pedestrian and moving traffic zones.
- Permanent curbside parking lanes effectively creates a narrowertravellanezonethatmustbecrossedtoreachtheother side of the street.
- Private vehicles entering and leaving curbside parking spaces helps slow down private vehicles in adjacent travel lanes.
- 10' travel lanes helps reduce private vehicle driving speeds making for safer pedestrian street crossings.
- Mid-street bus rapid transit station platforms provide pedestrian refuge islands.

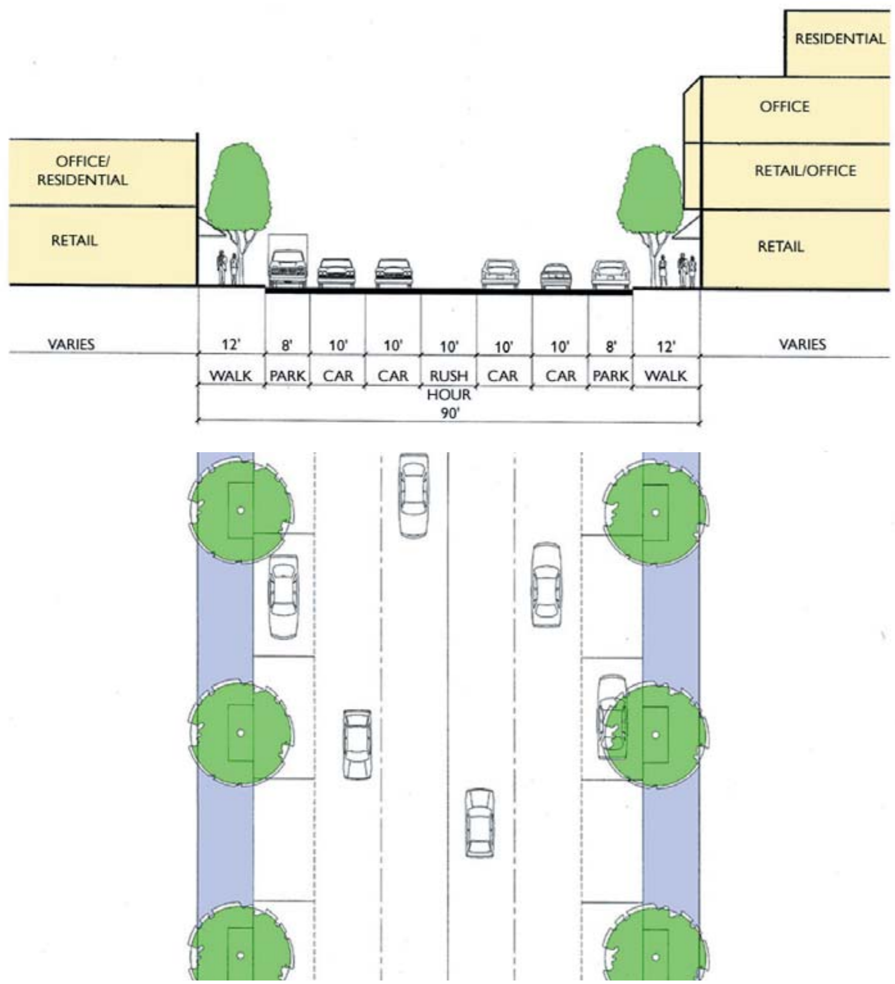
Parking

Advantages

- Parking is added within the study area during peak and non-peak times.

[7] McCormick Rankin International, Bus *Rapid Transit, A Creative Solution for Some of Today's Urban Transportation Problems*, November 2000. pp. 8-10.
[8] United States General Accounting Office, *Bus Rapid Transit Shows Promise*, Washington, DC., 2001. pp. 17.

STREET SECTION & PLAN



Non-Preferred Alternative 6 - Existing with Rush Hour Parking (Four 10' Travel Lanes / One 10' Rush Hour Lane / Two 8' Full-Time Parking Lanes / 12' Sidewalks)

Vehicular

Advantages

- Four to five traffic lanes available all day to handle heavy traffic volumes (24,000 per day).
- Extra travel lanes in the peak direction during rush periods provide the motorist with three lanes in peak direction. Two to three travel lanes are needed to handle this level of traffic with turning movements and frequent bus activity. H Street carries about 1,600 vehicles per hour going at about 25 to 30 miles per hour in the peak direction.
- Potential growth in H Street and North Capitol Street Corridors are an even greater argument for maintaining three traffic lanes in the peak direction during weekday commuter peak periods.

Disadvantages

- Narrowing travel lanes to 10' from 12' slows private vehicle travel speeds.
- Private vehicles entering and exiting curbside parking during peak time periods in adjacent travel lanes reduces the capacity of traffic in adjacent travel lanes.

Transit

Advantages

- Corridor currently well-served by a number of Metrobus lines, which connect H Street to Union Station, Downtown, East of the River, and other key activity nodes and residential areas.
- Compared with light rail or bus rapid transit, infrastructure costs for the present system of Metrobuses in mixed-traffic lanes are small and the vehicles are less expensive to operate.
- Some Metrobuses that serve the corridor provide additional capacity.
- Fairly frequent service along corridor, with buses coming between every 5 and 30 minutes.

Disadvantages

- 10' travel lanes are narrower than the 11' minimal width considered acceptable for bus turning movements.
- Buses operating in mixed traffic lanes are generally slower and have less schedule reliability than vehicles on an exclusive transit lane.
- Older bus models with steps at entrance take longer to board and disembark than generally low-floor light Rail or bus rapid transit cars.

Pedestrian

Advantages

- Increase in sidewalk space from 10' to 12' provides more pedestrian space on heavily used sidewalks.
- Full-time parking lanes on street provide a protective buffer between the pedestrian and moving traffic zones.
- Permanent curbside parking lanes effectively creates a narrowertravellanezonethatmustbecrossedtoreachtheother side of the street.
- Private vehicles entering and leaving curbside parking spaces helps slow down private vehicles in adjacent travel lanes.
- 10' travel lanes helps reduce private vehicle driving speeds making for safer pedestrian street crossings.

Disadvantages

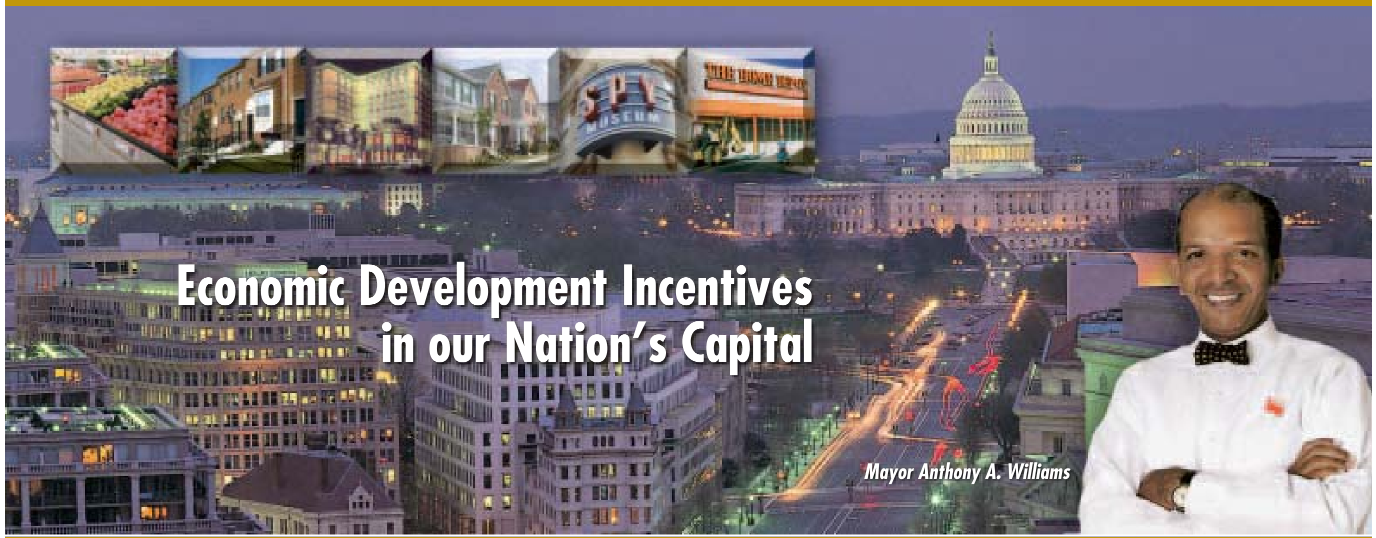
- An extra travel lane in either direction during peak periods creates an additional 10' of private vehicle travel space that a pedestrian needs to cross, increasing risk of pedestrian/vehicular conflicts.
- No mid-street transit platforms to serve as pedestrian refuge islands.

Parking

Advantages

- No parking eliminated within the study area during peak or non-peak times.

APPENDIX D - "ECONOMIC DEVELOPMENT INCENTIVES IN OUR NATION'S CAPITAL"



**Office of the Deputy Mayor for
Planning and Economic Development**

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www.dcbiz.dc.gov

"Washington, DC is Open for Business"

Since the publication of the 2001 edition of this pamphlet, a dynamic resurgence has taken place in our Nation's Capital. The many cranes dotting the city's skyline are just a surface indication of the $24 billion of investment that supports more than 150 new retail projects, 42 million square feet of office space and 30,000 units of new housing. We all can take great pride that Washington, DC is gaining new life as a vibrant, thriving city.

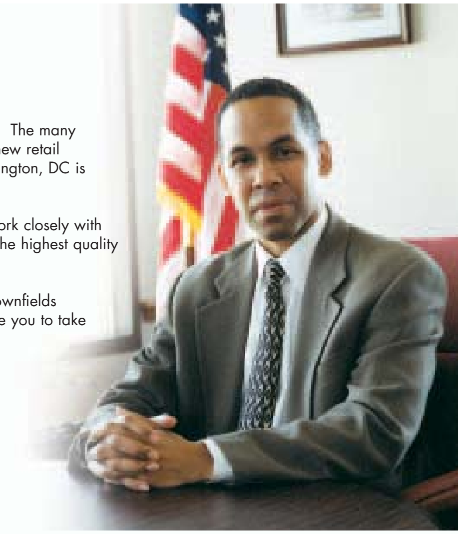
Even with the results of our exciting partnerships with Home Depot, Target, Giant and H&M now visible, we continue to work closely with business and community leaders to develop innovative and efficient programs that provide residents, workers and visitors the highest quality places in which to shop, live, dine and work.

In the following pages, you will find helpful information describing the Mayor's newest initiatves including ReStore DC, Brownfields Initiative, Tax Increment Financing and Home Again, as well as updated information about existing programs. I encourage you to take a look at what's available, but for the latest information, please visit our website www.dcbiz.dc.gov.

With one glance or click, I'm sure you will see that more than ever, Washington DC is *open for business*!

Eric W. Price

Eric W. Price
Deputy Mayor for Planning and Economic Develoment



Contents

EMPLOYMENT TAX CREDITS

The training and hiring of District residents is a win-win public/private partnership for all involved. We've worked hard to offer incentives that reduce operating costs for employers, promote jobs for District residents, and create tax revenues for the city. Our efforts to make training a mutually beneficial activity for both employers and the city are paying off and the business community is taking note. Employers from franchises to construction firms to janitorial service providers are increasing their profits by taking advantage of the many employment tax credits available for training and hiring District residents.

- *An accounting firm with 15 mid-sized clients documented total Enterprise Zone (EZ) tax credits of $1 million for tax years 1998 through 2001.*
- *Three small employers used EZ incentives to reduce their federal tax liability by $102,000 over three years.*
- *Between 1999 and 2001, the owners of a DC entertainment facility claimed employment credits valued at $250,000 annually.*
- *A DC manufacturer cut its federal taxes by $390,000 and a hotel partnership claimed EZ wage credits of more than $1.5 million during the same three year period.*
- *In 2001 alone, one of the District's largest hotel operators reported EZ credits of more than $1.1 million on DC wages of $8.6 million—an operating cost reduction of near 13%.*

If you are an employer in the District or thinking about relocating to the District, read on to learn how your business can help its bottom line by simply training and hiring DC residents.

Employment Training Incentives

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
Customized Training Program	Employers are reimbursed for funds spent to train District residents as skilled employees.	Department of Employment Services (DOES) www.does.ci.washington.dc.us	Local	Employers must submit funding request to DOES and negotiate single source contract.	$500,000 maximum per contract. Amount determined by training provided.	Office of the Deputy Director (202) 698-5140
Enterprise Zone Employment Tax Credit	Annual federal employment tax credit for 20% of wages paid to DC resident employees (up to $3000 credit per employee).	Office of Deputy Mayor for Economic Development (DMPED)/IRS www.dcbiz.dc.gov	Federal	Business must have primary location in one of the federally designated enterprise zones (to look up an address, see www.hud.gov/ezec/locator) and must meet definition of a qualified enterprise zone business.	Up to $3,000 per DC resident employee.	Revenue Bond-Enterprise Zone Program (202) 727-6365 see IRS Publication 954 & IRS Form 8844 www.irs.ustreas.gov
Metro Tech Program	Cost of training/certification of information technology professionals is borne by MetroTech. Training funds are paid directly to training entity.	Department of Employment Services (DOES) www.does.ci.washington.dc.us	Local	Training proposals must be approved by a management team. Employers must commit to hiring individuals who satisfy training/certification programs.	Training allowance varies depending on the salary of job being trained for (training costs have ranged from $100-$7000 per person).	Metro Tech Program www.metrotechitjobs.com (202) 698-3539
Welfare-to-Work Credit	Up to $8,500 per employee in federal tax credits for employees that meet eligibility criteria ($5,000 year one; $3,500 year two).	Department of Employment Services (DOES) www.does.ci.washington.dc.us	Federal	Employee must be from family on AFDC 18 months+ or have exceeded the maximum AFDC eligibility period.	Maximum claim: $8,000 per employee over 5 yrs.	Work Opportunity Credit Program Office (202) 698-5599 see IRS Publication 954 www.irs.ustreas.gov
Work Opportunity Credit	Annual federal employment tax credit of up to $2,400 per employee for employees that meet eligibility criteria.	Department of Employment Services (DOES) www.does.ci.washington.dc.us	Federal	Employee previously on APDC, UET of Food Stamp Family; low income; ex-felons; vocational rehabilitation referrals; youth 18-25 from wages family on food stamps; and EZ youth resident; or summer youth 18-25.	Maximum claim: $8,000 per employee.	

Employment Training Incentives

WASHINGTON SPRINKLER COMPANY

Kedrick Evans got his start in the sprinkler installation business in 1995 as a helper with a commercial installer. Eight years later, he is the owner and CEO of Washington Sprinkler Company (WSC) with offices in DC, Baltimore, and Oxford, NC. Since incorporating WSC in 1999, Evans has recognized the importance of the support of the Office of Local Business Development (OLBD) in securing contracts for large-scale development projects. With hard work, persistence and the help of the Local Small Disadvantaged Business Enterprise (LSDBE) Program, WSC has grown from a company that started out installing sprinklers in a single halfway house, to now installing fire-protection services for the Washington Convention Center, Georgetown Incinerator Project, and the 600-unit Henson Ridge Residential Complex.
"The support of the local government, particularly the folks at OLBD, has played a big part in taking Washington Sprinkler to the next level. In my negotiations, I use it as serious leverage– but I also know that I have to prove myself. And I don't mind doing that. I'm not asking for anybody to give me anything but an opportunity."

Establishing a reputation for beating deadlines and exceeding client expectations with high-profile, large scale contracts has not only given Washington Sprinkler Co. notable experience and exposure, but the revenues to finance future growth. Kedrick is now making plans for the company's expansion into HVAC and electrical markets, with hopes of positioning WSC as a permanent player in the region's billion dollar construction industry.

Small Business Assistance

Small Business Assistance

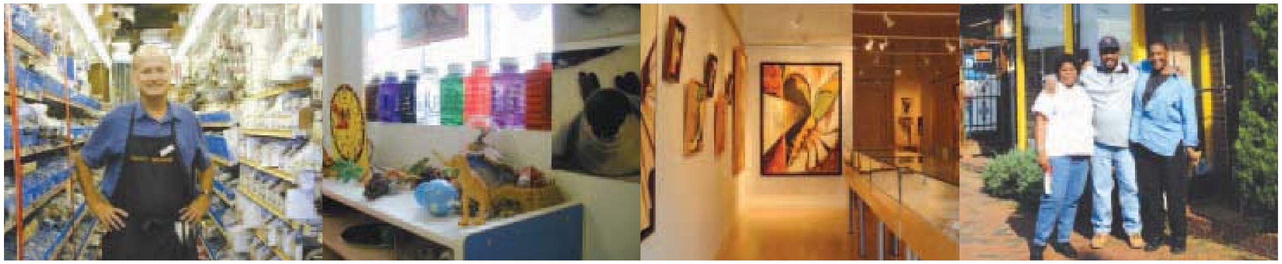
Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
District Contracting: LSDBE Program	Certified small, local, and/or disadvantaged business enterprises (LSDBEs) are given priority consideration for contracts offered by District agencies and on publicly-assisted projects.	Office of Local Business Development (OLBD) www.olbd.washingtondc.gov	Local	Company must be certified by OLBD. For certification application see: www.olbd.washingtondc.gov		Office of Local Business Development (OLBD) (202) 727-3900
Economic Development Finance Corporation (EDFC)	Provides loans to qualified small businesses.	National Capital Revitalization Corporation	Local	Borrower must be small business as defined by U.S. SBA size varies with industry type. For definition by business type, see www.sba.gov/size/sizetable.html		National Capital Revitalization Corporation (202) 530-5750
Federal Contracting: HUB Zone Program	Businesses located in federally designated HUB Zones are given preference in bidding for contracts with federal agencies.	U.S. Small Business Administration (SBA) www.sba.gov/hubzone	Federal	HUB Zone certification criteria: Company must be owned and controlled by one or more U.S. citizens. Principal office located within a HUBZone (for map of HUBZones, visit www.sba.gov/hubzone). At least 35% of the company's employees must be HUBZone residents.		Associate Administrator for HUB Zone Empowerment Contracting Program U.S. SBA (202) 205-8885 D.C. Board of Trade (202) 857-5971

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
reSTORE DC DC Main Streets	A competitively awarded designation of an existing neighborhood business district engaged in comprehensive economic restructuring and promotion, design improvements, and capacity-building of a local, volunteer-driven organizations established to enhance the commercial district. Designated local Main Street programs receive technical assistance, volunteer/staff training, networking opportunities, publications, access to workshops/ conferences for 5 years, along with an annual grant to help pay operating costs.	Office of the Deputy Mayor for Planning and Economic Development www.dcbiz.dc.gov	Local	Applications are accepted each March and must be submitted by a non-profit corporation.	First year grant of $80,000 and in-kind professional services.	Office of the Deputy Mayor for Planning and Economic Development (202) 727-6365
reSTORE DC Commercial Development Technical Assistance Program	Awards technical assistance and grants to assist commercial revitalization activities or special volunteer-produced projects that enhance neighborhood business districts not in designated "Main Street" areas.	Office of the Deputy Mayor for Planning and Economic Development www.dcbiz.dc.gov	Local	Applications are accepted semi-annually (April and September) from non-profit community-based organizations working to enhance neighborhood business districts.	Grants from $500 to $25,000.	Office of the Deputy Mayor for Planning and Economic Development (202) 727-6365

Small Business Assistance

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
reSTORE DC Commercial Property Acquisition and Development Program	Awards grants to assist in acquiring or developing commercial real estate projects that enhance neighborhood business districts.	Office of the Deputy Mayor for Planning and Economic Development www.dcbiz.dc.gov	Local	Applications are accepted semi-annually (May and October) from non-profit community-based organizations working to enhance neighborhood business districts.	Grants from $10,000 to $250,000.	Office of the Deputy Mayor for Planning and Economic Development (202) 727-6365
Technical Assistance: Howard University Small Business Resource Center	Provides small business owners with technical assistance, market research assistance, and access to resources to obtain financing.	Howard University Small Business Resource Center	Private/ Local	Open		Howard University Small Business Resource Center (202) 806-1550
Technical Assistance: Georgia Avenue Business Resource Center	Provides small business owners with technical assistance, market research assistance, and access to resources to obtain financing.	Chamber of Commerce/SBA www.gatewaygeorgia.com	Private/ Local	Open		Georgia Avenue Business Resource Center (202) 545-0220

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
Technical Assistance: Office of Banking and Financial Institutions	Provides technical assistance on an as-needed basis to small businesses applying for financing from larger lending institutions	Office of Banking and Financial Institutions (OBFI) www.obfi.dcgov.org	Local	Available upon request.		Office of Banking and Financial Institutions (OBFI) (202) 727-1563



Small Business Assistance

SPY MUSEUM

Washington, DC is home to the first museum dedicated to the intriguing world of espionage. Housing over 600 artifacts, 900 archival photos and 2 hours of audio-visual programs and interactive displays, the Museum drew over 250,000 visitors to the F St. corridor in its first four months—surpassing projections by 50%.

Located in the District's Enterprise Zone, the Spy Museum was key to revitalizing the historically-significant F Street corridor. Because of its location in the District's Enterprise Zone, project developers—The House of F St., LLC and Malrite—were able to refinance the restaurant and museum portions of the development with $15,000,000 in tax-exempt Enterprise Zone Facility Bonds, while the residential and office portions of the building were financed with developer equity. It is estimated that using bond proceeds instead of conventional financing will save project developers approximately $3,000,000 over the life of the bonds.

Targeted and Industry Specific Incentives

Targeted and Industry Specific Incentives

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Contact
Community Development Block Grants	Annual competition for grant awards to assist projects approved by Department of Housing and Community Development.	Department of Housing and Community Development (DHCD) www.dhcd.dcgov.org	Local	Projects that are approved by DHCD and provide affordable housing and or expanded economic opportunities for low- and moderate-income families.	Residential and Community Services Projects Robert Mulderig (202) 442-7292 General Development Projects (202) 442-7282
DC Brownfields Program	A package of incentives and other assistance to encourage the development of qualified Brownfield sites, including: • No-cost Phase I/Phase II site assessments • Tax credits for site clean-up • Revolving low-interest laon program for gap financing • Job taining and development training for DC residents to assist with clean-up	DC Department of Health Office of the Deputy Director for Environmental Health, Science and Regulation	Local	Applicants must have current redevelopment plans for abandoned, idle property or industrial property where expansion or redevelopment is complicated by actual or perceived environmental contamination. For more information about project eligibility, call (202) 442-9237.	DC Brownfields Coordinator DC Department of Health (202) 442-9237 dsolomon@dchealth.com
DC Revenue Bond Program (Tax-exempt Bond Financing)	Provides for the issuance and sale of Tax-exempt revenue bonds to finance, refinance and reimburse costs of capital projects, including property acquisition, renovation, construction and purchase of machinery and equipment.	Office of the Deputy Mayor for Planning and Economic Development www.dcbiz.dc.gov	Local	Borrower nust be a qualified non-profit manufacturer or EZ business (see below). Application required.	Revenue Bond-Enterprise Zone Program (202) 727-6365 see IRS Publication 954

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Contact
Enterprise Zone Businesses	Annual federal employment tax credit of up to $3000 for each D.C. employee Exemptions from federal capital gains taxes Increased federal expensing allowance Access to tax-exempt financing	Office of Deputy Mayor for Economic Development (DMPED)/IRS www.dcbiz.dc.gov	Local	Business location within a federally designated EZ (for address locator, see www.hud.ezec/locator) 50% of business income earned in the EZ Substantial portion of business property, services and workers within the EZ Incentives available through December 2003, but may be claimed retroactively.	Revenue Bond-Enterprise Zone Program (202) 727-6365 see IRS Publication 954 & IRS Form 8844
Supermarket Tax Exemption	Exempts the owner of a qualified supermarket in a priority development area from sales taxes on the purchase of building materials and equipment for construction or substantial rehabilitation of a qualified supermarket; exempts the qualified supermarket from the payment of license fees, personal property taxes, and real property taxes levied on the supermarket for 10 yrs.	Office of Deputy Mayor for Economic Development (DMPED)/IRS www.dcbiz.dc.gov	Local	For more information, see D.C. Act 13-365 (6/26/2000).	Office of Deputy Mayor for Planning and Economic Development (202) 727-6365
Tax Increment Financing (TIF)	Provides for the issuance and sale of tax-exempt governmental revenue bonds to finance public infrastructure redevelopment within one of more predetermined geographic areas on the basis of specific statutory eligibility criteria.	Office of the Deputy Mayor for Planning and Economic Development www.dcbiz.dc.gov	Local	Eligible projects must be consistent with statutory criteria (a Redevelopment Plan) and typically are supported by project feasibility studies, cost/benefit analyses and development agreements.	Office of Deputy Mayor for Planning and Economic Development (202) 727-6365

Targeted and Industry Specific Incentives

NET 2000

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Contact
NET 2000* Affordable Facilities	District agrees to defray facility costs of qualified high tech companies by creating a program to: provide funding assistance for security deposits; allow the District to sub-lease office space at reasonable rates for up to 36 months; make certain schools or other DC government properties available for lease.	Office Tax and Revenue (OTR) http://cfo.dc.gov/etsc.main.shtm	Local	Qualified high tech companies that receive assistance must, in exchange, provide student employment, internships or other training and assistance to DC Public Schools	Office of the General Counsel Office of Tax and Revenue (202) 442-6500
NET 2000* Capital Gains Tax Exemption	Exclusion from taxation of certain capital gains from the sale, exchange or rollover of stock, partnership interests and other assets of qualified high tech companies held for five years.	Office Tax and Revenue (OTR) http://cfo.dc.gov/etsc.main.shtm	Local	Interest in qualified high tech company must be purchased and held for five years.	Office of the General Counsel Office of Tax and Revenue (202) 442-6500
NET 2000* Employment Training Credits	Credit for each employee of up to $20,000 for costs of approved training during the first 18 months of employment A credit of 50% of wages paid for the first 24 months of employment, up to $15,000 per employee per year	Office Tax and Revenue (OTR) http://cfo.dc.gov/etsc.main.shtm	Local	Must be a qualified high technology company as defined below. Employee must be recipient of Temporary Aid for Needy Families (TANF), ex-offenders or meet Welfare-to-Work or Work Opportunity Tax Credit eligibility requirements.	Office of the General Counsel Office of Tax and Revenue (202) 442-6500

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Contact
NET 2000* Franchise Tax Reduction	Zero franchise tax on unincorporated business; Five-year elimination of franchise tax on incorporated technology companies in High Technology Development Zones; Reduced franchise tax rate of 6% for all other incorporated tech companies.	Office Tax and Revenue (OTR) http://cfo.dc.gov/etsc.main.shtm	Local	Must be a qualified high technology company as defined below.	Office of the General Counsel Office of Tax and Revenue (202) 442-6500
NET 2000* Personal Property Tax Abatement	Ten-year exemption of personal property taxes for purchases made after December 31, 2000 and an allowance for up to $40,000 in personal property expense deductions	Office Tax and Revenue (OTR) http://cfo.dc.gov/etsc.main.shtm	Local	Must be a qualified high technology company as defined below.	Office of the General Counsel Office of Tax and Revenue (202) 442-6500
NET 2000* Real Property Tax Abatement	A five-year abatement of increases in property tax rates attributable to renovations to accommodate technology companies and for certain newly constructed buildings.	Office Tax and Revenue (OTR) http://cfo.dc.gov/etsc.main.shtm	Local	Must be a qualified high technology company as defined below.	Office of the General Counsel Office of Tax and Revenue (202) 442-6500
NET 2000* Relocation Expense Reimburse-ment	$5000 reimbursement of certain moving expenses or Up to $7,500 reimbursement of payments for lease or purchase of employee's primary residence in the District	Office Tax and Revenue (OTR) http://cfo.dc.gov/etsc.main.shtm	Local	Must be a qualified high technology company as defined below.	Office of the General Counsel Office of Tax and Revenue (202) 442-6500 Office of the

Targeted and Industry Specific Incentives

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Contact
NET 2000* Sales and Use Tax Exemption	Qualified high tech companies are exempt from certain sales taxes.	Office Tax and Revenue (OTR) http://cfo.dc.gov/etsc.main.shtm	Local	Must be a qualified high technology company as defined below. Eligible tax-exempt property and services are outlined in detail in Section 402 of D.C. Law 13-256. (www.dccouncil.dc.gov)	General Counsel Office of Tax and Revenue (202) 442-6500
NET 2000* Wage Tax Credit	A credit of 10% of wages paid for the first 24 months of employment, up to $5,000 per employee.	Office Tax and Revenue (OTR) http://cfo.dc.gov/etsc.main.shtm	Local	Must be a qualified high technology company as defined below.	Office of the General Counsel Office of Tax and Revenue (202) 442-6500

NET 2000 Incentives are available only to qualified high technology companies that:

Have two or more employees;
Maintain an office, headquarters, or base operations in DC; and
Derive 51% or more of gross revenues from a high tech business as defined in New E-conomy Transformation Act of 2000 (D.C. Law 13-526). See Deputy Mayor for Planning & Economic Development (DMPED) website for complete legislation (www.dcbiz.dc.gov)

FRAGER'S Hardware

Frager's Hardware Store, a proud local business serving the Capitol Hill neighborhood, is located in a DC Enterprise Zone. As a result, the business is eligible to claim the EZ Employment Tax Credit for employing numerous District residents, some of whom live in nearby public housing. Frager's used the "extra cash" to offer new product lines–which necessitated the expansion of the store into an adjacent underutilized property. This sound business decision, made affordable by the employer tax credit, has positioned Frager's to hire additional staff to accomodate its growth. The citizens of the District will benefit from increased local tax revenues generated by this healthy, vital and growing business, while residents of the surrounding commnunity now have increased shopping options right around the corner.

Targeted

Targeted and Industry Specific Incentives

WALTER E. WASHINGTON ESTATES

The Department of Housing and Community Development (DHCD) provided nearly $3 million to assist Fort Dupont Park Seventh Day Adventist Church and Union Temple Development Community Development Corporation in building a senior apartment complex and community center at 828 Bellevue St., SE. The funds will be used to stabilize the soil, construct a retaining wall and perform the preliminary preparations for utility services. The Center will service the residents of the senior housing complex as well as the townhouse residents at the Walter E. Washington Estates. DHCD funds were supplemented with an additional $3 million from HUD's Section 202 Program.

Housing Development Incentives

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
Employer-Assisted Housing Program (EAHP)	Program Provides: Matching down payment funds of up to $1,500 (program provides $500 for each $2,500 saved by an employee) Deferred payment loans of up to $10,000.	Housing Counseling Services, Inc. (for DHCD) www.dhcd.dcgov.org	Local	Borrower must: Be a full-time empolyee of the District of Columbia government for the in good standing for at least one year; Be a first-time homebuyer in DC; and Have personal savings of $2,500 or an appropriate savings plan.		Housing Couseling Services, Inc. (202) 777-7006
First-Time Homebuyer's Tax Credit	$5000 federal income tax credit is available to first-time homebuyers in the District of Columbia. Program designed to encourage homeownership in the District.	No agency contact required. Credit can be claimed with annual tax filing (IRS Form 8859) www.irs.ustreas.gov	Federal	To claim entire $5000 credit, filers must meet following income restrictions: Joint – up to $110,000 Single – up to $70,000 To claim partial credit: Joint - $110,000-$130,000 Single - $70,000-$90,000 Credit currently available through December 2004.	$5000 limit per first time homebuyer.	Home Resource Center D.C. Housing Finance Agency (202) 777-BOND IRS Form 8859

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
Housing Purchase Assistance Program (HPAP)	Provides interest-free or low- interest loans for down payments, closing costs, or other expenses associated with buying a house, a condominium or a cooperative in the District. Amount of loan is adjusted to reduce the total monthly payment to 28% of household's monthly gross income. For very low income families, repayment of loan is deferred until house is sold.	Department of Housing and Community Development (DHCD) www.dhcd.dcgov.org	Local	Eligible families must meet income restrictions:* ($32,050-$70,500 – one person household, $36,600-$80,500 – two person household, $45,750-100,650-four person household) *Year 2002 income limits which are subject to change.	Maximum loan amount - $20,000	Housing Purchase Assistance Program (HPAP) Department of Housing and Community Development (202) 442-7290
Metropolitan Police Housing Assistance Program (MPHPAP)	Program Provides: Matching down payment funds of up to $1,500 (program provides $500 for each $2,500 saved by an employee) Deferred payment loans of up to $10,000 Ability to keep assigned patrol car during off-duty hours An income tax credit of $2,00 per year for five years A sliding-scale, five year property tax credit.	Housing Counseling Services, Inc. (for DHCD) www.dhcd.dcgov.org	Local	Borrower must: - Be a full-time police officer for the Metropolitan Police Department in good standing for at least one year; - Be a first-time homebuyer in DC; and - Have personal savings of $2,500 or an appropriate savings plan.		Housing Couseling Services, Inc. (202) 777-7006

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
Single-Family Mortgage Revenue Bonds	HFA finances below-market rate loans to low- and moderate-income residents using proceeds from the sale of Single Family Mortgage Revenue Bonds.	D.C. Housing Finance Agency (HFA) www.dchfa.org	Local	Application approval though HFA.	No per project limit, but bond issuance authority is limited by federal government and is divided between multi-family, single-family, and revenue bond projects.	D.C. Housing Finance Agency (202) 777-1600
Single - Family Residential Rehabilitation Program	Provides low-cost financing for the rehabilitation of 1-4 unit residential housing. Provides low-interest amortizing loans for up to 20 years, depending on the financial circumstances of the borrower and the amount of rehab required to correct code deficiencies. Special monies available for handicapped access and senior living improvements.	Department of Housing and Community Development (DHCD) www.dhcd.dcgov.org	Local	Residential property must be owner-occupied or investor-owned and located in Community Development Area or Enterprise Community.	Annual budget of approximately $895,000. Individual loan amounts vary with the cost of repairs necessary to make building compliant with code. Budget includes monies for Handicapped Access Improvements Program and Senior Citizen Home Repair Program	Single - Family Residential Rehabilitation Program Department of Housing and Community Development (202) 442-7280

Community

Housing Development Incentives

TRINITY TOWERS

The Trinity Towers project at 3023 14th St., NW was joint effort of various District agencies, resulting in public investment exceeding over $15 million. The Department of Housing and Community Development funded the acquisition of the Columbia Heights property with $4,480,000 from the Construction Assistance Program. The DC Housing Finance Agency issued $9,200,000 in tax-exempt bonds on behalf of the project's developer, Community Partners Development Group, to finance renovations. Community Partners also capitalized on $6,006,000 in tax credits through the Low Income Housing Tax Credit Program.

To assist with the construction, Community Partners partnered with a Certified Local Small and Disadvantaged Business, Gilford Corporation. Just by recruiting locally, Guilford was able to hire 5 local residents to work on the project and has permanently hired three, providing one of them training at Montgomery College. Gilford is now exploring the idea of institutionalizing a company-wide training program for local residents.

The Trinity Towers project is part of a joint effort for developing the entire Columbia Heights area. Just next door, the District issued $2.8 million in bonds for 14th & Irving, LLC to finance the construction of retail space for CVS and Capital City Public Charter School.

By providing these funds, the District not only expedited the transformation of an aging apartment building, but insured that hundreds of units of affordable housing, community-serving retail, and quality education remain available in the fast-growing Columbia Heights neighborhood.

Housing Development Incentives *(Developers)*

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Housing Development Incentives *(Developers)*

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
Emergency Shelter Grant Program	Grants for renovation, rehabilitation or conversions of buildings for use as emergency homeless shelters.	Office of the Deputy Mayor for Children, Youth, Families and Elders	Local	Finished project must provide shelter to homeless individuals.		Emergency Shelter Grant Program Office of the Deputy Mayor for Children, Youth, Families and Elders (202) 727-6946
Home Again Program	Assumes site control of abandoned properties and sells them to developers who rehab them into new homeownership opportunities.	Office of the Deputy Mayor for Planning and Economic Development www.dcbiz.dc.gov	Local	Developers interested in the initiative must first be pre-qualified. To pre-qualify, developers must submit a response to the Home Again Initiative Request for Qualifications (RFQ). Responses to RFQ are accepted bi-annually. For most current version and deadline, visit www.dcbiz.dc.gov		Office of the Deputy Mayor for Planning and Economic Development (202) 727-3774

Housing Development Incentives *(Developers)*

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
Housing Finance for Elderly, Dependent and Disabled (HoFEDD)	Provides financing to commercial and nonprofit applicants to develop housing for individuals with special needs.	Department of Housing and Community Development (DHCD) www.dhcd.dcgov.org	Local	Residential facilities must house individuals with special needs, including drug and alcohol abusers, the homeless, the mentally and physically disabled and the elderly.		Housing Finance for Elderly, Dependent and Disabled (HoFEDD) Department of Housing and Community Development (202) 442-7280
Housing Production Trust Fund Program	Provides financial assistance to nonprofit and commercial developers for low- to moderate-income.	D.C. Housing Finance Agency (HFA) www.dchfa.org	Local	Must provide low- to moderate-income housing and related facilities.		Housing Production Trust Fund Program Department of Housing and Community Development (202) 442-7280

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
Low Income Housing Tax Credit Program (9%)	Provides 9% federal income tax credits to developers of new or rehabilitated affordable rental housing.	Department of Housing and Community Development (DHCD) www.dhcd.dcgov.org	Local	Housing must be provided for low- and moderate-income persons.		Low Income Housing Tax Credit Program Department of Housing and Community Development (202) 442-7131
Low Income Housing Tax Credit Program (4%)	Allocates 4% tax credit to developers of new or rehabilitated affordable rental housing.	D.C. Housing Finance Agency (HFA) www.dchfa.org	Local	Must meet affordable housing guidelines (min. 20% affordable housing for persons with 50% of median income and 40% for persons with 60% of median income). MD-VA-DC MSA median income is $91,500*. *Statistic $91,500 as of FY2002. Subject to change	Amount of tax credit varies with size of the project.	Multi-family Public Finance Division D.C. Housing Finance Agency (202) 777-1600

Housing Development Incentives *(Developers)*

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
McKinney Act Loan Program	Provides 2-yr, 2% below-prime loans for pre-development costs of projects that serve very low-income (below 50% AMI) or special needs populations.	D.C. Housing Finance Agency (HFA) www.dchfa.org	Local	Project must serve households with incomes below 50% of median income or special needs populations.	Loan amounts typically range from $200,000-$300,000. Program receives a portion of unused tax-exempt allocation from revenue bond program. This amount varies annually ($60,000,000 in FY 2000).	Multi-family Public Finance Division D.C. Housing Finance Agency (202) 777-1600
Multi-Family Housing Rehabilitation Loan Program	Provides low-cost interim construction financing for the rehabilitation of residential rental properties containing 5 or more units.	Department of Housing and Community Development (DHCD) www.dhcd.dcgov.org	Local	Program available to developers of rental housing and lower-income cooperative housing.		Multi-Family Housing Rehabilitation Loan Program Department of Housing and Community Development (202) 442-7280

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
Tax Abatement for New Residential Development	Tax abatements intended to provide incentives for the production of new housing downtown and for the production of affordable, mixed-income housing in high cost areas of the District of Columbia.	Office of the Deputy Mayor for Planning and Economic Development www.dcbiz.dc.gov	Local	Tax abatements are available for market rate affordable, mixed-income housing projects of 10 units or more. Mixed-income tax abatements are available to projects that are affordable to a mix of families, including extremely low-income (less than 30% of AMI), very low-income (less than 50% of AMI), and low-income (50% and 80% of AMI) families. Eligible projects must be located in one of the following areas: Downtown, North of Mass. Ave., and High Rent Neighborhoods.	The Mayor may provide $7 million in tax abatements a year for 10 years to housing projects in three eligiblity areas.	To view full legislation online, see www.dccouncil.dc.gov (Bill 14-1067) Scott Barkan Office of the Deputy Mayor for Planning and Economic Development (202) 727-6365 For the latest updates on the status of housing legislation, visit www.dcbiz.dc.gov

Housing Development Incentives *(Developers)*

Incentive	Description	Local Administering Agency	Federal or Local	Eligibility Requirements	Amount Available	Contact
Tax-Exempt and Taxable Multi-Family Mortgage Revenue Bonds	Bond financing is available for permanent and construction debt associated with the construction/renovation of rental and cooperative housing.	D.C. Housing Finance Agency (HFA) www.dchfa.org	Local	Must apply for financing through HFA.	No per project limit, but bond issuance authority is limited by the federal government and is divided between multi-family, single-family, and revenue bond projects.	Multi-family Public Finance Division D.C. Housing Finance Agency (202) 777-1600
Tenant Purchase Technical Assistance Program	Provides technical assistance, legal counseling, loan packaging and management assistance.	Department of Housing and Community Development (DHCD) www.dhcd.dcgov.org	Local		$300,000 annual budget for two contracts: 1) Organization and Development of tenant groups 2) Operation of Greater Washington Mutual Housing Association (provides housing management and sales/purchase services).	Tenant Purchase Technical Assistance Program Department of Housing and Community Development (202) 442-7280


Wheeler Creek - 314 new units near Wheeler Rd. and Mississipi Ave., SE (Ward 8). Total District Investment - $54,506,429

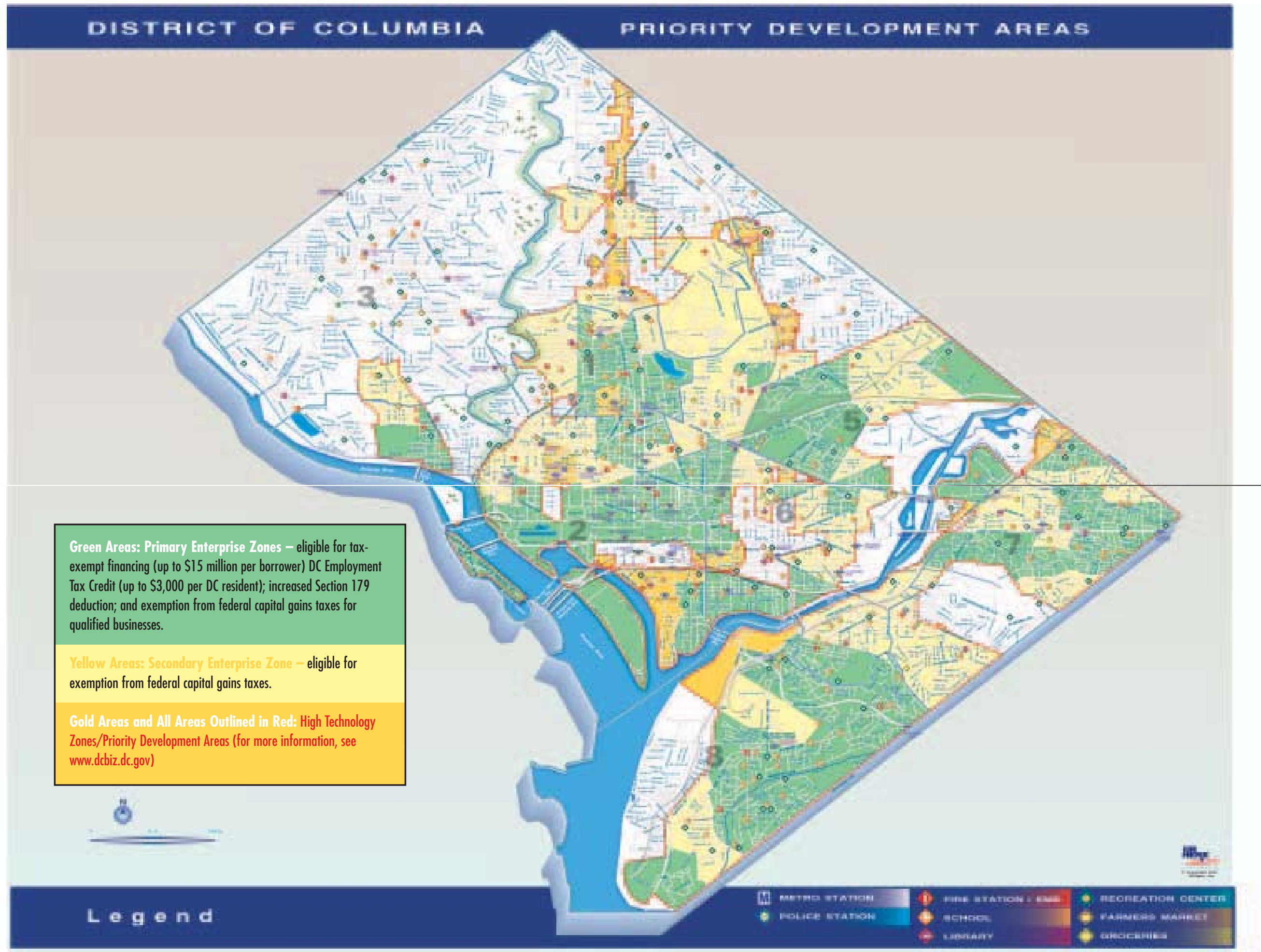

Restaurant on 8th St., SE (designated Main Streets Program Participant)


Monterrey Park - 56 units of single-family housing at 7th St. and Mississippi Ave., SE (Ward 8). Total District Investment - $10,000,000


Stanton Glenn - 378 units on Stanton Rd., SE (Ward 8). Total District Investment - $31,770,393.

Neighborhood

Housing Development Incentives *(Developers)*



District of Columbia Priority Development Areas